BANKERS' CREDITS

BY THE SAME AUTHOR AND FROM THE SAME PUBLISHERS

Foreign Exchange and Foreign Bills in Theory and in Practice.

The world's Foreign Exchange quotations, the Course of Exchange, and the daily newspaper rates are explained, illustrated, and analysed. A lucid account of the drawing, discounting, and negotiation of bills between all the important foreign centres is given, and bankers' credits are thoroughly explained. Invaluable to the business man, and also to students preparing for Bankers' and University Examinations.

In demy 8vo, cloth gilt, 320 pp **7s. 6d.** net Seventh Edition.

A Primer of Foreign Exchange.

This book presents the elements of Foreign Exchange in an instructive and interesting manner, and furnishes an ideal introduction to a more extended study of this important branch of finance.

In demy 8vo, cloth, 124 pp **3s. 6d.** net Second Edition

Eastern Exchange, Currency, and Finance.

The only standard work on the Eastern and silver exchanges The exchange quotations and the monetary systems of India, Persia, China, Hong-Kong, Japan, the Straits Settlements, Java, Siam, and all the countries of the Far East are lucidly explained The great silver question is also fully discussed, and the basis and method of quoting revealed

In demy 8vo, cloth, 485 pp., with 2 coloured and 8 black-and-white full-page plates **15s.** net Fourth Edition

The Functions of Money.

A handbook dealing with the subject in its Practical, Theoretical and Historical aspects This volume explains the various functions and services of money and describes the origin, development and special attributes of the many forms of credit instruments in existence It is a book of absorbing interest which should be read by all who are interested in the restoration of the gold standard

In demy 8vo, cloth gilt, 179 pp, with 1 black and-white full-page plate and 2 appendices. **7s. 6d.** net. With foreword by Dr. Geo Armitage Smith

The London Money Market.

A Practical Guide to what it is, where it is, and the Operations conducted in it.

This is a very interesting and practical guide embodying the results of twenty years' practical experience of banking and monetary matters and wide reading of banking and economic literature The author traces the history and development of the money market from the markets and fairs of Lombard Street to the present day, and gives a lucid account of its constitution and of its many and varied operations. Such matters as money rates, gold reserves, bill broking, loans, bill discounting, are carefully explained, and there is an interesting chapter on the effect of the war on the London Money Market.

In demy 8vo, cloth gilt, 232 pp, with 4 full page illustrations and 3 insets. **10s. 6d.** net Third Edition

Dictionary of the World's Currencies and Foreign Exchanges.

A comprehensive encyclopaedia on all questions of Currency and Exchange, dealing, in alphabetical order, with all the matters with which one has to deal in an exchange bank, or which may be included in the general term "Banking and Foreign Exchange"

In crown 4to, half leather, gilt, 208 pp **30s.** net

The Finance of Foreign Trade.

A practical guide to the operations of banker and merchant, describing fully the methods of financing foreign trade and the rules to which the importer and exporter have to conform when seeking financial facilities from bankers Chapters deal with bills of exchange, the financing of the export trade, the financing of exports, foreign currencies, trade with Central and South America, trade with British India, financing of Indian trade, trade with China, bankers' loans and advances, credit information, the Export Credits Scheme, etc

In demy 8vo, cloth gilt, 190 pp **7s. 6d.** net

SPECIFICATION

OF PAYMENTS MADE UNDER THIS LETTER OF CREDIT

DATE WHEN PAID	PAID BY	AMOUNT IN WORDS	AMOUNT IN FIGURES

THE CANADIAN BANK OF COMMERCE

Established 1867 — Head Office, Toronto

COMMERCIAL LETTER OF CREDIT

Amount

We hereby authorize

of to value on you at

for any sum or sums not exceeding in all

to be used for the payment of

to be purchased for account of

of and to be shipped to

The Shipments must be completed and the drafts drawn on or before

and advice thereof must be given to you on

original and duplicate

Every draft drawn under this Credit must be accompanied by a complete set of bills of lading made out to the order of The Canadian Bank of Commerce for merchandise shipped in accordance with the terms of this Credit and by evidence of insurance as specified hereunder

Insurance

Every draft drawn under this Credit must state on its face that it is drawn under The Canadian Bank of Commerce Credit No. and the Bank negotiating the draft is required to see that the amount is endorsed thereon.

And we hereby agree with the drawers endorsers and bona fide holders of drafts drawn in accordance with the terms of this Credit that such drafts shall be duly honoured on presentation

For The Canadian Bank of Commerce

Manager

Per

(1895) Front of page

BANKERS' CREDITS

AND ALL THAT APPERTAINS TO THEM
IN THEIR PRACTICAL, LEGAL AND
EVERY-DAY ASPECTS

BY

WILLIAM F. SPALDING

FELLOW OF THE INSTITUTE OF BANKERS, LONDON
HON. MODERATOR IN BANKING AND CURRENCY TO THE LONDON CHAMBER OF COMMERCE;
AUTHOR OF "FOREIGN EXCHANGE AND FOREIGN BILLS," "EASTERN EXCHANGE, CURRENCY, AND FINANCE," "A PRIMER OF FOREIGN EXCHANGE," "THE FUNCTIONS OF MONEY," THE "LONDON MONEY MARKET," "FINANCE OF FOREIGN TRADE" "A DICTIONARY OF THE WORLD'S CURRENCIES AND FOREIGN EXCHANGES," "CENTENARY EDITION OF TATE'S MODERN CAMBIST," ETC

THIRD EDITION

• LONDON
SIR ISAAC PITMAN & SONS, LTD.
PARKER STREET, KINGSWAY, W.C.2
BATH, MELBOURNE, TORONTO, NEW YORK
1930

PRINTED IN GREAT BRITAIN
AT THE PITMAN PRESS, BATH

PREFACE TO THIRD EDITION

In lines added to Goldsmith's "Deserted Village," Dr. Samuel Johnson wrote—

"Trade's proud empire hastes to swift decay."

Had he lived in this year of grace, 1930, he might have written differently, for the extension of our commerce since 1784 has been phenomenal. It is possible, however, that the merchants of Dr. Johnson's day were not so much concerned with obtaining financial accommodation by means of bankers' credits as are our traders to-day; it is certain that they were not bewildered by the variety of credit documents that emanate from present-day bankers. Yet, since the last edition of this book was written in 1921, considerable progress has been made towards the unification of commercial letters of credit. Under the aegis of the International Chamber of Commerce a body of experts has conducted an exhaustive examination of the whole subject of credits, and the results of their studies appear in the report embodied in Chapter X. Certain Regulations have been drawn up for the guidance of those dealing with bankers' credits and the documents to which they give rise, and it is hoped that these will receive the attention they merit.

In preparing this edition, the opportunity has been taken to incorporate up-to-date details on banking and commercial practice in regard to credits. Summaries of leading law cases have been included in the appropriate chapters, and further illustrations have been inserted.

To Mr. Owen Jones, British Commissioner of the International Chamber of Commerce, Paris, and his colleagues,

I am deeply grateful for valuable assistance in the collection of material. My best thanks are also due to the Institutes of Bankers in London, Scotland, and Ireland for the documentary information they have placed at my disposal.

W. F. SPALDING.

AUTHORS' CLUB, LONDON.
March, 1930.

PREFACE
TO FIRST EDITION

THIS book on Credits has been written at the earnest request of a large number of bankers and commercial men with whom the Author, in the course of his banking experience, has from time to time discussed the many and troublesome questions that frequently arise in connection with those puzzling documents known as "Bankers' Credits." The subject is an intricate one, and the great extension of credit and banking facilities brought about by the war has not made it easier for commercial men to understand the banker's point of view in these matters. The banker is the custodian of other people's money, and his actions are governed accordingly. Both bankers and those who are engaged in the foreign trade of the country have felt the need for a text-book dealing concisely and simply with the practical side of the question; and with a view to meeting this need, care has been taken not only to explain the many and varied forms of bankers' credits in existence, but also to devote sufficient space to a consideration of the cases that have come before the Law Courts from time to time.

There seems to be some diversity of opinion both as to the extent of a banker's liability under credits, and also as to the extent of the obligations of the person at whose request he opens a credit; and if this book serve to remove the dubiety that exists, or to pave the way to a unification of the present system of dealing with banking and commercial credits, its purpose will be served.

The Author owes a deep debt of gratitude to Mr. E. Sykes, B.A., of the Institute of Bankers, London; to Mr. F. H. Allen, of the Scottish Bankers' Institute; and to the many bankers at home and abroad who have given

him the benefit of their advice and assistance in elucidating the various problems that have arisen. A number of these gentlemen have read through and carefully revised several chapters of the book. It has also been the Author's privilege to draw on the ripe experience of such master minds in the sphere of foreign and Colonial banking as those of Sir Charles Addis, K.C.M.G., and Mr. H. D. C. Jones (of the Hong-Kong and Shanghai Banking Corporation), and Mr. E. L. Stewart Patterson (of the Canadian Bank of Commerce), of which privilege he is deeply sensible.

He owes it to American bankers to say that they have co-operated whole-heartedly with him in the preparation of those pages dealing with American credits.

W. F. SPALDING.

PREFACE
TO SECOND EDITION

SINCE the first edition of this book much discussion has taken place in America on the subject of Bankers' Credits, and a considerable amount of detail has been sent to the author from that quarter. In view of the interest taken in the first edition of the book in the United States, the opportunity has been taken to include in the present edition a summarized account of some of the more important legal decisions. In the last chapter there also appears the result of a questionnaire issued by the American Acceptance Council. The answers give an interesting sidelight into American practice and are useful as revealing American opinion of British banking practice in regard to Bankers' Credits. It is a matter of gratification for the Author to record that since the first edition of this book he has been invited to give opinions on the subject of the rights and liabilities of the parties to credits for the edification of bankers and merchants in Canada and Australia. He has also been called upon to define the scope of various credits for the use of British lawyers and others. It is a matter of regret, however, to state that we are still a long way from the adoption of a standard form of credit by bankers.

The book is among those recommended as a text-book for the Final Examination in Foreign Exchange of the Institute of Bankers, London, and for the Diploma Examination in Foreign Exchange of the City of London College.

W. F. SPALDING.

CONTENTS

CHAPTER VI

CHAPTER VII

CHAPTER VIII

CHAPTER IX

CHAPTER X

CHAPTER XI

INSETS AND ILLUSTRATIONS

LIST OF CASES CITED

BANKERS' CREDITS

CHAPTER I

MAINLY INTRODUCTORY AND EXPLANATORY

WE have read, we know not where, that " Religion, credit, and the eye are things not to be touched," which perhaps accounts for the fact that the question of credit has been so vexed a one from time immemorial; and although the small shopkeeper delights in displaying the notice " Please do not ask for credit, as a denial often offends," yet in many cases he himself owes his very existence as a trader to the credit which he affects not to touch, but which has been freely extended to him by his banker.

Credit undoubtedly is the foundation of modern progress, and in early days it played a very much more important part than is generally imagined. It is to credit that many nations owe their rise from obscurity to wealth and opulence. Credit has been defined as the belief in a person or firm's ability and intention to pay; it is something more—it is trust in a person's ability or potential ability to pay, and to warrant that trust the person or firm must have a reputation for honesty and solvency.

One of the principal functions of a banker is to gather up funds where they are idle, and to direct them to the quarter in which they can be most suitably and profitably employed. One avenue through which the banker can make profitable use of his surplus money is in financing manufacturers and others during the time taken to work up materials into the finished product. The services the banker renders to the community in bridging over the period between the receipt of raw material and the production of the complete article certainly " shine out like good deeds in a naughty world." Readers of the works of William Shakespeare will probably never realize or

appreciate how much they really owe to the good offices of the banker who has financed the production of the books, say, from the paper pulp manufacture, right through the various processes, including the finance of the manufacture of machinery, until the books are finally put forth on the market in finished form. It is so with all manufactures; without the intervention of the banker, the manufacturer would not be in a position to carry out business of any magnitude; with the aid of the banker, he is enabled to buy his raw material at cash prices in the lowest market, and the banker it is who finds the money until such time as the manufactured article is ready for delivery or shipment. It has been said that the manufacturer buys his raw materials on credit and liquidates the debt by turning the manufactured article into money; but that statement is hardly true. The seller of raw produce usually wants his money forthwith; he cannot afford to wait, nor will he, as a rule, wait until the manufacturer has made the goods; consequently the banker intervenes and with his spare funds backs the credit of the manufacturer, so to speak, and pays the seller of the raw materials. He thus enables both parties to turn over their capital quickly and economically. It is to this particular function of credit, then, that we shall give our attention in this book. With the larger questions concerning the creation of credit, and the loan or credit fund by means of which the commerce of the country is largely financed, we have not to deal: the total of such credit may be measured roughly by the sum of the bank deposits, plus the bank notes in circulation. Our principal concern is with the instruments of credit by means of which bankers enable merchants, manufacturers, and others to obtain "spot" cash, instead of having to possess their souls in patience while arrangements are being made to send their commodities to far distant lands, and, having made the shipments, to wait still longer before payment is received.

Without further ado, then, we may say that our main object is to explain some of the principal details in connection with the financing of the country's overseas trade; to examine the form taken by the bankers' letters of credit issued, and to study the comparative economy in the various methods employed. We shall also investigate the terms under which the letters of credit are opened, discuss the disputes which arise in regard to revocation and cancellation, compare the relative positions of the banker and merchants, and also endeavour to get guidance from the decisions in the few cases that have come before the Law Courts.

Origin of Letter of Credit.

Just how or when the letter of credit, which gives the grantee power to draw bills of exchange, originated is not known; the present writer is inclined to attribute their origin to the Romans, who had a well-developed system of banking and finance; but Blackstone, the great commentator, in speaking of the origin of bills of exchange, refers to a claim that this method of finance was brought into general use by the Jews and Lombards when banished for their usury and other vices, in order to draw more easily their effects out of France and England into those countries which they had chosen to favour with their presence. He says the invention was a little earlier, "for the Jews were banished out of Guienne in 1287 and out of England in 1290."

Paper credit is also known to have existed in China at a very early period.

The transferring of credit from one to another was early developed in Italy. The Italian Argentarii, for instance, gradually passed from money-changers into receivers of deposits and, looking around for the best and most profitable employment for their deposits, they very quickly perceived the ease with which those funds could be utilized for the basis of the transfer of paper credit.

The old Medicis, too, made free use of credit, and a short time ago the author was privileged to inspect many of their ancient records, now in the possession of Mr. Gordon Selfridge. Their parchments contain frequent references to credit transactions.

The word *perscribere* is referred to by some writers as giving a clue to the matter. It certainly does appear frequently in the old Italian documents, but its real meaning is " to write down accurately or explicitly," and we have sometimes seen the word interpreted as the giving of a cheque on one's account or the transfer of credit from one to the other. The point is hardly worth labouring, however, since what is generally overlooked is that the instruments of credit referred to were unlike the modern bills of exchange in that they lacked negotiability, and in that respect they are more akin to the letter of credit, which, as we shall see later on, is not negotiable.

At this stage the reader will probably ask: " What manner of document is, then, this letter of credit which confers such a boon upon the human race ? " and, in order not to try his patience further, we give the following general definition upon which we shall enlarge from time to time throughout this book—

" A letter of credit is an open letter of request whereby one person (usually a merchant or a banker) requests some other person or persons to advance moneys, or give credit, to a third person named therein, for a certain amount, and promises that he will repay the sum to the person advancing the same, or accept bills drawn upon himself, for the like amount. It is called a general letter of credit when it is addressed to all merchants or other persons in general, requesting such advances to a third person ; it is called a special letter of credit when it is addressed to a particular person by name, requesting him to make such advances to a third person."[1]

[1] *Bills of Exchange* (Story), p. 459.

This, it may be remarked, is all right as a general definition, but we shall perhaps get a more correct perspective of the business if we examine, first of all, the transaction which shows the banker as a dealer in or supplier of the credit of which so many people are from time to time in need. In no case is this function more plainly demonstrated than in the CASH CREDIT, which, in view of its importance, may very well form the material for our next chapter.

CHAPTER II

"Credit is nothing but the expectation of money within some limited time."—LOCKE.

CASH CREDITS

Origination of Cash Credits.

CASH Credits originated in Scotland. The idea was, we believe, the product of the fertile brain of some official in the Royal Bank of Scotland, which bank was founded in the year 1727. When the Royal Bank of Scotland commenced operations, it was in direct competition with the Bank of Scotland. Of commercial bills for absorbing the spare funds of the bankers there were few, consequently they had what one writer described as a "superfluity of credit on hand."[1] This caused the Royal Bank of Scotland to cast about for ways and means of getting its resources into general circulation. After some consideration, it was decided to issue credits to respectable and trustworthy persons against the guarantee of a third party or parties. The so-called credits, which were in the first instance somewhat akin to drawing accounts, were called "Cash Credits," and they have continued in existence down to the present day. These credits are in the nature of a current account upon which the customer can draw in precisely the same manner as on an ordinary banking account, the only difference being that, instead of receiving interest, he has to pay interest. In fact, the cash credit is a credit specially created by the banker in favour of a customer; but instead of the customer having to take up the whole amount as a demand loan, he can either draw or repay, in whole or in part, the amount advanced at any time to suit his own convenience. The accredited party pays interest only on the amount actually drawn; it is calculated on the debit balance at the close of each day, not upon the whole amount of the loan.

[1] *Elements of Banking* (H. D. MacLeod), p 159.

Growth of System.

Once this method of creating credit was understood, its utility both to the customer and to the banks was so patent to all concerned, that the innovation spread quickly, for not only were the banks able to find an outlet for superfluous funds, but as the advances were made in their own notes, the business was sufficiently profitable to make its extension the subject of much care and forethought. The banks' clients, naturally, found cash credits of incalculable assistance, and in this manner. The granting of the credits was not restricted to one class of professional man or trader: the poor man, so long as he was honest and respectable, had an equal chance with the rich man in applying for the accommodation. Now, as in 1727, this system obviates the necessity for traders and others keeping money idle in expectation of paying it out, and it provides them with an account upon which they can operate within reasonable limits until such times as they have manufactured or sold their goods. It also enables the young professional man to take up his avocation and get firmly established therein. All that is required from each class, beyond the personal qualities we have mentioned, is one or two friends who have sufficient confidence in them to guarantee the advances made by the banks.

Opening a Cash Credit.

The money advanced by the banks, or rather the opening of a credit in their books in favour of the client, is for a moderate amount, and varies from, say, a few hundred pounds to a thousand pounds sterling. It is made on the undertaking of two or more parties called "cautioners," to pay to the bank, on demand, all sums advanced to the client up to a certain fixed amount, in the event of the borrower being unable to repay the loan himself. Needless to say, the guarantors of the credit must have a reasonable faith in the person whom they

guarantee before they will make themselves liable to the bank on his behalf, and in any case they are in a position to keep an eye on his proceedings. Moreover, once having committed themselves to the affair, they have the right, under Scottish law, to inspect the account with the bank, and may stop it at any time in the event of irregularity.

Form of Bond.

The Bond of Credit which is signed not only by the person to whom the cash credit is granted, but also by his guarantors, is a fairly comprehensive document; and, in view of its interest, we reproduce the form which the Scottish banks require to be signed before making these credits available in their books.

The reader will observe that the stamp duty on a Cash Credit Bond is 2s. 6d. per cent.

Benefit of System.

This cash credit system has been of enormous benefit not only to Scottish industry, but also to agriculture. Since its introduction, many a small tenant farmer has been able, by its aid, to purchase his holding and to rise to a position of affluence. It is interesting to note, too, that the cash credits and note issues of the banks go hand in hand, so to speak; and in this connection the writer remembers a piece of prose he was given to translate in one of the Institute of Bankers' French examination test papers. It is curious how these incidents recur to one's mind and, as the extract is peculiarly applicable to our subject, we give the following paraphrase of the lines—

"How is it possible," it is sometimes asked with incredulous astonishment, "how is it possible that the Scotch farmer accepts the notes of a bank and prefers them to metallic money, while in many countries in Europe the agriculturist distrusts and even refuses them?" The Scotch farmer accepts these notes because they have never had a forced currency. Moreover, he profits by the

CASH CREDIT BOND

Stamp Duty, 2/6 %

having obtained a Credit of
pounds sterling with the Bank of *on Cash Account*
in name of me, the said
do therefore hereby bind and oblige ourselves, our heirs, executors, and successors whatever, all conjunctly and severally, to pay to the Governor and Company of the Bank of , or to their assignees, on demand, all such sums not exceeding
pounds sterling, as are, or shall be, due to the said Governor and Company from me the said
whether drawn out on said Cash Account by me, or liable on me by any drafts, orders, bills, promissory notes, indorsements, receipts, bonds, letters, procurations, guarantees, documents, or legal construction whatever, with interest on such sums severally, at the rate of five per cent, or at such other higher rate as shall be charged by the said Governor and Company on Cash Accounts for the time—the said Governor and Company being hereby allowed to fix the rate of interest from time to time without notice given —from the date or dates of advance until payment; and with
pounds sterling, of liquidate penalty or for costs and charges; which Cash Account may be kept at any office of the said Bank, and may be debited with any sums such as aforesaid whensoever by the said Bank without losing any right or remedy of law on bills or otherwise; and any Account or Certificate signed by the cashier of the said Bank, or by any accountant in the said Bank, or by the manager or sub-manager, or agent, or accountant for the office where the said Cash Account may then or before be kept, shall ascertain, specify, and constitute the sums or balances of principal and interest to be due hereon as aforesaid, and shall warrant hereon all executorials of law for such sums or balances and interest, and for the liquidate penalty aforesaid, whereof no suspension shall pass but on consignation only. And all costs of discharges and conveyances hereof shall be borne by us and our foresaids jointly and severally: And we consent to the registration hereof and of the said account or certificate for preservation and execution.—In witness whereof, these presents, written, in so far as not printed, by
in the Head Office of the Bank of *in Edinburgh,*

credit which the bank gains by the issue of notes. As he is a debtor of the banks, he does not need to be harangued on their solvency. Has he not always in his hands a loan equal to or even more than the notes which he takes in the ordinary walk of life? If he is not a debtor himself, if he has no need of credit, a relative, a neighbour, or an acquaintance of his is indebted to the bank. Again, if he himself has not had recourse to the credit of the bank, he argues, rightly enough, that the day may come when he will be in vital need of the accommodation.

Cash credits have never found much favour in England, although in point of fact the difference between them and the granting of facilities by overdraft in current account is not very great, since both are chargeable with interest, and neither is, or should be, allowed to degenerate into a fixed loan. Probably the reason the English bankers are averse from cash credits is that the profit on them is necessarily less than is made on purchasing bills of exchange under discount, because in the one case the person disposing of the bill has to pay what is really interest upon the whole of the amount advanced, and in the other he only pays as he draws upon the fund placed at his disposal. Further, bills of exchange, especially short bills, are a more liquid form of advance than are cash credits.

However, the Scottish system has extended in many directions, and we find variations of it as far afield as India. There cash credits take the form of facilities granted by the banks to clients who are authorized to overdraw in current account up to a fixed sum. The bank in India is also guaranteed by a third party, who signs, not a cash credit bond, but a promissory note, payable on demand, for the full fixed sum which the borrower is authorized to draw. The promissory note is in favour of the borrower, who, in order to complete it for the bank's purpose, has to endorse it to the bank giving the credit. Both parties, the borrower and the guarantor, are required to be of undoubted standing. Interest is usually charged on the

minimum daily balance at 1 per cent above Bank Rate (minimum in Bombay, 6 per cent per annum). Credits, or payments into the account, are permitted, reducing the overdraft from time to time, and provided the business is going along to the satisfaction of the banker, fresh debits may be made as required.

CHAPTER III

" In order to save Major Cavalcanti the trouble of drawing on his banker, I send him a draft for 2,000 francs to defray his travelling expenses and a Credit on you for the further sum of 48,000 francs, which you still owe me."—The Count of Monte Christo (ALEXANDRE DUMAS).

THE TRAVELLER'S, TRAVELLING, OR GENERAL LETTER OF CREDIT—CIRCULAR NOTES AND TRAVELLERS' CHEQUES

What a Traveller's Letter of Credit is.

THE Traveller's Letter of Credit, known also as a Travelling Letter of Credit or General Letter of Credit, is the document which, it is stated, is lost more often than any other document in the world. It is a document which is designed to save a man from carrying about on his person large sums of metallic or other money. It is probably the most familiar of all credits, since it is the one with which most people furnish themselves when starting on a tour of the world, or on a less extended journey to a foreign country. In short, it may be defined as a request from a banker to his foreign correspondents to cash on demand the drafts of the beneficiary of the letter of credit drawn on the issuing bank, the latter undertaking to meet the drafts when presented. This method by which the banks provide for the financial requirements of their travelling clients is, it will be observed, both convenient and desirable; convenient, as it enables one to carry what is in fact money for the journey in a small compass, and also confers upon the holder the right to receive funds in whatever manner required in the various foreign cities visited: desirable, because it obviates the necessity of taking metallic money —gold or silver—from the country in which the credit is issued. This last quality, inherent in the Travelling Letter of Credit, is a very important one at the present

time when it is of the utmost importance for practically all nations of the world to economize in the use of the precious metals.

The banker issuing the letter of credit is known, in law, as the "grantor"; the person in whose favour it is drawn is called the "grantee."

Purchase of a Letter of Credit.

Customers of a bank purchasing these Letters of Credit usually pay cash down, or, as not infrequently happens, the amount is debited to their current account at the bank. The commission charged by the banker varies, and is usually from ¼ per cent. to ½ per cent on the total amount of the credit, though occasionally, when a credit is required by a good and influential customer, it may be issued free of commission. In such circumstances, especially in the case of banks with foreign or Colonial branches, the expectation is that the bank will be recompensed by the profit made on the exchange, since drafts are generally cashed at the buying rate for demand bills, say, on London, at the time payment is made to the beneficiary. Further, it is presumed that there is a *quid pro quo* in the advertisement so obtained, or in the goodwill of the rich client which may be worth cultivating. We are frequently told that bankers are not philanthropists, yet sometimes they do render these little services gratuitously, and certainly may be said to lose nothing; rather do they gain from the recommendation such clients surely feel it incumbent upon them to give when mentioning the banker's good offices to their acquaintances.

There are other cases in which letters of credit are issued free of commission. For instance, a bank or finance house of high standing might find it convenient to purchase such a credit for one of its clients from a foreign or Colonial bank and, in consideration of the total amount being paid at the time of issue, it will be granted free of commission to the bank or other house purchasing the

credit, the foreign banker, as we have said, being expected to make his profit on exchange, added to which he has the use of the total sum represented by the credit for some time before the whole amount is drawn.

To return to the case in which, when the credit is issued, the amount is debited to the current account of the client, sometimes arrangements are made whereby the customer is debited only with the amount of the drafts as drawn and not with the full total of the credit at the time of issue. This is a more satisfactory method as far as the customer is concerned, but it is not one generally favoured by the bankers, who, having granted a document representing a certain fixed amount, appear to be entitled to get payment for it at the time it is sold. Added to this, drafts negotiated under a letter of credit must be paid by the issuing banker, irrespective of any understanding between him and the grantee. Most letters of credit are in the nature of a definite request to cash drafts, and their effect is the setting up of a contract between the banker and the persons making payments under the credits; consequently, the latter have the inalienable right to sue the issuing banker if he does not pay the drafts so negotiated according to the promise he has held out. Thus it is little use the banker endeavouring to set up a cross claim of the customer's indebtedness to him, or lack of funds to meet drafts drawn. That was the effect of a decision in the case *In re Agra & Masterman's Bank*, and similar cases. It will be recognized, therefore, that there are manifest dangers in the bankers' issuing credits on the understanding that drafts are only to be debited to a current account as they come forward. If from any cause the customer's position has changed in the meantime, the banker may very well find himself having to meet drafts for which there are no funds. The moral, then, is that the issue of such credits should either be discouraged or only be granted to persons of the highest financial standing.

How Payment is Obtained.

When the accredited person is abroad, payment is obtained by production of the letter of credit at one or other of the banks named on the list of correspondents which the issuing bank has given to the grantee. Payments are made in exchange either for a signed receipt or a draft drawn on the bank's London Office, or other office of issue, each of these instruments bearing, besides the usual particulars as to place, name of person to whom payment is made, etc., the number of the credit, and the date. When the draft or receipt is cashed, the amount so drawn is endorsed on the back of the letter of credit, the draft or form of receipt being subsequently dispatched to London for payment.

Stamp Duty.

These demand drafts or receipts, on arrival in London, must, in conformity with the provisions of the Stamp Act of 1891 and subsequent amendments, be stamped with a 2d. stamp, and the stamp cancelled by the first person into whose hands the draft falls, before he presents it for payment, or endorses, transfers, or in any manner negotiates or pays it.[1]

Travellers' letters of credit, it might be noted, come within the schedule of exemptions in the Stamp Act of 1891, from which it will be seen that letters of credit granted in the United Kingdom, authorizing drafts to be drawn out of, but payable ultimately in, the United Kingdom, are exempt from stamp duty.[2]

It is otherwise with Letters of Credit drawn in the United Kingdom for the express purpose of being used therein. These are liable to stamp duty. In this connection attention is drawn to Section 32 of the Stamp Act of 1891, which reads: "Bill of Exchange includes draft, order, cheque, and *letter of credit*, and any document or writing (except a

[1] Sec. 35 (1) Stamp Act, 1891.
[2] Stamp Act, 1891, Schedule of Exemptions, 4.

bank-note) entitling or purporting to entitle any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money," etc.

It follows, then, that Letters of Credit for use in the United Kingdom do not come under the schedule of exemptions from Stamp Duty. They are subject to the same *ad valorem* duty as Bills of Exchange, payable at more than three days after date or sight. Moreover, it would seem that the duty should take the form of an impressed stamp, not an adhesive one.

Negotiability.

A letter of credit is not a negotiable instrument, and cannot therefore be transferred from one person to another, either by indorsement or otherwise. The rules applicable to negotiable instruments do not apply to the letter of credit.[1] It might seem unnecessary to emphasize this fact, yet the author calls to mind instances in which letters of credit have been transferred simply by delivery by persons who might reasonably have been expected to have known better. To a person taking a letter of credit or negotiating drafts under such circumstances, there would be no protection in law.

The effect of decisions in the Law Courts makes it essential that in case of loss or theft, extreme care be taken to see that payment is not made to an unauthorized person, and with a view to protecting themselves as far as possible, bankers have adopted various safeguards. These may be better understood if we describe the procedure followed.

Form.

Some bankers have a form of Traveller's Letter of Credit, which provides for the signature of the beneficiary on the face of it. The drawback to this form is that in the event of loss, it puts a formidable instrument into

[1] Cf. *Orr* v. *Union Bank of Scotland*, 1854.

the hands of a skilful forger, who can set to work to imitate the signature of the person in whose favour the credit purports to be. Other banks take the precaution of obtaining specimen signatures of their client, which they send round to all their correspondents in the places the grantee of the credit expects to visit on the assumption that the banks there may be asked to cash drafts under the credit. Still another method is that adopted by the Bank of Scotland and several other large banks. They issue a credit which is usually headed with the name of the bank, the date, and the total amount to be drawn. The wording is somewhat in this form—

To the bankers and correspondents named in our Letter of Indication.

This letter of credit will be presented to you by Mr. A B, to whom we ask you to pay, less your charges, the sum of £100 (say one hundred pounds sterling) against his drafts upon this Bank in London.

Mr. A B is provided with our Letter of Indication on which his signature will be found which will serve to prove his identity.

This credit to be in force for six months from date.

The amount and date of all drafts drawn against this credit to be stated on the back hereof.

Drafts to be marked as "Drawn under the Blanktown Bank's Letter of Credit, No. 000."

This Letter of Credit must be attached to the last draft drawn.

For The Blanktown Bank,
Haydn Ash, Manager.

A very useful and compact form of credit in use is the one of which we produce a specimen facing this page. As will be observed, it has the double advantage of being printed both in English and in French. Further, it will be noticed that the signature does not appear on the credit, but is to be found separately on what is known as the Letter of Indication.

Letter of Indication.

Of Letters of Indication, there are many varieties. It used to be the general custom to print Letters of Indication in French, but the tendency of recent days

is to adopt a more simple form. One of the simplest Letters of Indication that has come under the writer's notice is that issued by the Canadian Bank of Commerce. It is headed: "Letter of Indication and List of Correspondents in North America, Central America, China, Japan, Manchuria, Korea, West Indies, Philippine Islands, etc." It is in the shape of a small booklet, on the first page of which appears the following form—

..... 19

To our Correspondents:

Gentlemen,

Mr. Blank, the bearer of this letter, whose signature is to be found below, has been supplied with our Circular Letter of Credit No. 000, *and we commend him to your usual courtesies*

For the Canadian Bank of Commerce,

. . .

Signature of Mr. Blank

....

On the opposite page, we read—

NOTICE.

(1) *As a precaution against forgery, the signature of the holder of this Letter of Indication should be immediately inserted in the space provided for it on the opposite page.*

(2) *It is also indispensable for the security of the holder that this Letter should be kept quite separate from the Letter of Credit.*

(3) *This Letter serves as a means of identification, and should therefore remain in the holder's possession so long as the Letter of Credit is in use. When done with, both should be returned to the Canadian Bank of Commerce.*

(4) *Great care should be taken to avoid risk of loss. In the event of this taking place the holder should immediately communicate by telegraph with The Agent, The Canadian Bank of Commerce,* 16, *Exchange Place, New York.*

(5) *The general Cable Address of the Bank in America is "Canbank."*

By this arrangement, if a Letter of Credit gets lost or stolen, there is less chance of its being put to improper use, for the wrongful possessor has no signature of the beneficiary to guide him as he has where the signature of the holder of the credit appears on the face of it; and if the accredited person carries out the recommendation

of the bank to keep the Letter of Indication separate from the Letter of Credit, he will be able promptly to inform the bank of its loss.

Verification of Signature.

The reason for these precautions is obvious, for, owing to legal decisions, bankers making payments under letters of Credit are expected to see that the signature to the draft or receipt they take is genuine and, as the onus is on them, it follows that payment to other than the rightful owner of the letter of credit is not, in law, payment at all; consequently, any loss will fall on the paying banker. Payment of a forged draft, it is held, is no payment as between the person paying and the person whose name is forged. The plea that the person to whom the draft was paid was in possession of the letter of credit is no defence, since he is not necessarily the person entitled to make the draft. An obligation rests on all bankers and correspondents to whom a letter of credit is addressed, not only to demand the production of the letter of credit itself, but also the letter of indication where such additional document is issued. If these precautions are taken, the banker can tell whether the signature to the draft under the credit is in order or not.

It is always useful in these matters to have a definite legal ruling, and, fortunately, we have one in this instance to guide us. We refer to the judgment given in the case of *Orr* v. *Union Bank of Scotland*,[1] which was decided as long ago as 1854. The material facts of the case were these. A in Glasgow wanted to pay B in Liverpool £460 9s., so he purchased from the Union Bank of Scotland a letter of credit in exchange for that sum. The letter of credit was addressed to the C Bank at Liverpool, and was in these terms—

"*Please honour the drafts of Mr. B to the extent of* £460 9*s.* (*say four hundred and sixty pounds nine shillings sterling*), *and charge the same to the account of our Bank.*"

[1] L. of B. I, Macqueen, p 513.

A sent this credit by post to B, and at B's place of business the letter was, unfortunately, opened by a dishonest clerk, who immediately forged the signature of B to a cheque for the amount in question, presented the cheque and the letter to the C Bank, obtained payment from them, and promptly absconded. When the fraud was discovered, A took an action against B for the recovery of the amount he had paid to them.

The details of the judgment are, in the main, those we have recorded in the previous paragraphs, with this addition, that when, for a sum paid down, the banker grants a letter of credit, he must show that it has been complied with or pay back the money, and he cannot refuse to refund the amount of the credit on the plea that the letter of credit has not been returned to him.

In these circumstances, it was held that A was able to recover from the Union Bank of Scotland the sum he had paid to them for the issue of the credit. However, it is important to remember that it is also obligatory on the part of the paying banker to endeavour to see that he is dealing with the person indicated in the letter of credit.

Circular Notes and Travellers' Cheques.

Closely akin to travellers' letters of credit, we have what are known as Circular Notes and Travellers' Cheques. These are practically credits issued by banks on their own special forms. The circular notes are in French, the traveller's cheques in English.

Circular notes are usually issued of a face value of £10 each. They are about the size of an ordinary cheque, and are accompanied by a letter of indication, also in the French language, addressed to the bank's agents and correspondents. This letter of indication bears the signature of the person to whom it is addressed, as well as that of the bank, and is a request to the various correspondents to cash the notes on presentation by the accredited person on his signature being given to the

order found on the back on the circular notes. The number and the amount of the notes should, as a precautionary measure, be stated in the letter of indication.

The wording of this letter would be somewhat as follows—

LETTRE D'INDICATION.

No..... ... .. . *le*..... . . ..19...

Messieurs,

Le Porteur de cette Lettre, M. .. . . , *pour lequel nous reclamons vos attentions, est muni de nos Billets de Change Circulaires. Nous vous prions de lui en fournir la valeur au cours du Change sur Londres.*

Si votre ville n'a pas de Change direct sur Londres, vous voudrez bien en combiner un avec la place cambiste la plus voisine.

Vous observez que tout agio sur espèces d'or, ou d'argent et tous frais extraordinaires, dans le cas d'un remboursement indirect, doivent être supportés par le Porteur, et ne peuvent être à notre charge.

Cette Lettre, devant accompagner nos Billets Circulaires, doit rester entre les mains du Porteur jusqu'à leur épuisement.

Agréez, Messieurs, nos civilités empressées,

.. .. *Directeur*

Signature du Porteur

.. ..

Form of Circular Note.

The following is a specimen of a Circular Note in use by one of the large London banks—

No. 000
£10.
A Messieurs les Banquiers
Designés dans nos Lettres d'Indication.

Messieurs,

Cette lettre vous sera remise par M..... . ... , *dont vous trouverez la signature dans notre Lettre d'Indication No.* 000. *Veuillez, nous vous prions, lui compter sans aucun frais, la valeur de dix livres sterling au cours du change sur Londres contre sa traite sur cette Banque inscrite au dos de la présente.*

Nous avons l'honneur d'être, Messieurs,
Vos trés obéissants Serviteurs,

.. ..
Directeur.

On the back appears this blank draft—

To the A B Bank,
London.

£10.

On demand pay to the order of M . . ..
Ten pounds sterling, value received.

. . . .19

Issue of Circular Note.

When these notes are issued, their value is always paid to the bank or charged to the customer's account, as the case may be. If the whole of the notes are not used on the journey, the bank is always willing to take them back and give the client credit for them. If any of the notes are lost or stolen, an indemnity is required by the issuing bank before the amounts they represent are repaid to the customer.

Some letters of indication contain a clause printed in red to the effect that the letter and circular notes are only issued and accepted upon the condition that if the notes or any of them be presented for payment, together with the letter, by any unauthorized person, the loss, if any, shall fall exclusively on the holder. It is doubtful, however, what measure of protection, if any, such a clause would be to the banker, for circular notes, unlike the travellers' letter of credit, are negotiable instruments, payment on a forged signature is not a good discharge, and the probability is that the banker would be called upon to refund the amount so paid, though presumably a case would lie between him and the paying banker if it could be proved that the latter by his negligence had contributed to the thief's obtaining the money.

A Law Case Considered.

There is, however, the reverse aspect, that of contributory negligence on the part of the customer; and in view of its immediate interest to bankers, a summary of a case dealing with the liability attaching to Circular

Notes, the first of its kind brought before the Courts, may be useful.

The case was tried before Baron Pollock at the Westminster Sessions House in May, 1880. The facts, briefly, were these—

The plaintiff resided at Leeds, and was not a customer of the bank. In March, 1879, being desirous of travelling abroad, he obtained (through his agent, a Mr. Bull, who was a customer of the bank) ten circular notes of £10 each, and a letter of indication, in exchange for £100 deposited with the bank by Mr. Bull for the plaintiff. Of these, he cashed four during his trip himself; but, being in Rome on 13th April, he went into St. Peter's with the six remaining notes and the letter of indication signed by him together in his pocket. He there lost the notes, either by theft or by accident, and communicated his loss to the defendant bankers, the London & County Banking Company, requesting them to stop the notes, and saying he would hold them responsible. Subsequently, four of the missing circular notes were cashed at one of the defendant's correspondents at Rouen by a person who forged plaintiff's name in the presence of the correspondent, producing at the same time the letter of indication bearing the real signature. Later, the remaining two notes were cashed by another correspondent in a similar manner at Dieppe. Thereupon, the plaintiff brought the action. On the top of the letter of indication was printed in large red letters the following notice—

Particular attention is requested to the following note: For the security of the holder it is indispensably necessary that this letter should be kept apart from the circular notes, which should on no account be signed, except in the presence of the banker from whom payment is required, to whom this letter should also be produced. The full amount at the current rate of exchange will then be paid without any deduction in respect of commission.

The defendants alleged that they paid the notes in accordance with their contract or, if not, that the plaintiff had been guilty of negligence and could not recover.

On the one side it was argued that the payment was not a good payment as against the plaintiff; it was said that it was not a payment to his order, but on a forged signature; and counsel for the plaintiff contended as a fact that plaintiff had not been guilty of negligence, but even if he had there must be some special term in the contract to disentitle him to recover.

On the other side, counsel for the defendants urged that there was a duty to keep the letter of indication apart from the notes, and that duty the plaintiff had broken; by so doing he had invited a forgery and furnished the forger with the means of executing his fraud.

In delivering judgment, Mr. Baron Pollock pointed out the difficulty in applying with accuracy to these circumstances certain well-known rules of mercantile law relating to bills of exchange and letters of credit, and, in reviewing the facts, said the question was, "Who was to bear the loss?" It was a clear rule of banking that a banker was only bound to pay on the proper signature of his customer, and if he paid on a forged signature he would have to repay the customer the amount so paid. To this, doubtless, there might be some exceptions; but the Courts were always careful in creating such exceptions, because they interfered with the rules of banking and mercantile usages. There had been cases of such negligence on the part of a customer as to entitle the banker to say, "This money was paid, not in my wrong, but through your negligence," and so to screen himself. It was contended by the plaintiff that such negligence must arise in the drawing, endorsing, or dealing with the instrument. Here he thought the case was as to the conduct of one of two contracting parties as between themselves and not strangers; and the contract was not affected by the fact that the plaintiff was not an ordinary customer of the defendants, but only for this one deposit of £100. In considering the contract the learned Baron thought there was a distinction between an ordinary case of a

letter of credit, which goes forward in the hands of a particular individual, and the case in which the name of the holder of the letter of credit, or note, is only indicated by a general letter of indication addressed to many correspondents abroad—a distinction which, in considering what the contract was, and what the negligence in breach of it, became essentially material. The plaintiff's circular notes were payable to the order of the person named in the *lettre d'indication*, called *le porteur*. The condition as to keeping notes and letter separate was an extremely reasonable protection; and if in breach of such notice the notes were lost, then the question arose as to which of two innocent persons should suffer, and the rule applied that he should suffer by whose negligent conduct the loss had been brought about. It would not be fair to say that the plaintiff had dealt in any way improperly with the notes, but to allow him to recover would be to give up all substance of the rule. Applying these principles, then, not on the ground of estoppel, but on the ground that the contract had not been fulfilled, and that there had been a breach of it in a material part by the plaintiff, which had led to the loss, the plaintiff could not recover, but must stand by his loss.

Judgment was therefore given for the defendant bank with costs.[1]

Another Legal Decision.

Of equal importance was the action, *Conflans Quarry Co.* v. *Parker*, in which some standard principles concerning circular notes and letters of indemnity to be given when notes are lost, were laid down.

As this case also contained several important findings, not only dealing with circular notes, but also with the general question of letters of indication and letters of

[1] Exchequer Division (Sittings in Banco, before Mr. Baron Pollock), *Rhodes* v. *The London and County Banking Company*; cf. *Institute of Bankers' Journal*, October, 1880, pp. 770-2

credit, we give the gist of Lord Chief Justice Bovill's judgment—

"It was," he said, "an action brought to recover the amount of eight circular notes issued by the defendants to the plaintiffs, which were lost without being used. The circular notes were procured by an agent of the plaintiffs for their use, and paid for with their money. They were issued and dated the 23rd May, 1866, signed by the defendants' manager, and addressed to the defendants' correspondents abroad under the general description of 'the bankers mentioned in our letter of indication.' The name of Rembeaux, an agent of the plaintiffs, was filled into the circular notes as that of the person who was to get them cashed. The circular notes were in the usual form for £10 each, and on the back was the usual blank form of draft to be filled in and signed when the circular note was cashed. The usual letter of indication, stating the names of the foreign correspondents, and requesting them to cash the circular notes, was issued with them. Rembeaux's name was filled into the body of the letter, but it was not signed by him. The plaintiffs' agent forwarded the letter of indication and circular notes by post to Paris, addressed to Rembeaux, for the plaintiff's use abroad. The letter of indication arrived safe; the circular notes did not, and no trace of them has been found. Whether their loss was caused by accident or design, and whether by fault of the post or otherwise, does not appear. On the 12th of July, 1866, the plaintiffs informed the defendants of the loss, offered to return the letter of indication, and demanded a return of the amount paid. A correspondence followed, which ended in a difference as to the proper indemnity to be given, the defendants being then willing to return the amount upon receiving an indemnity of a very extensive character, and the plaintiffs objecting to its terms. The action was thereupon brought. Upon the true construction of the letter of indication and circular notes, we are of opinion

that it is not obligatory upon the holder to cash the circular notes, though he purchases the right to do so if he thinks proper; and that, in the event of his not requiring to use them abroad, he may, after reasonable notice of his electing not to use them, require repayment at the banker's hands. This is not inequitable in itself. The banker is repaid by the use of the money, and the holder is in no other condition in this respect than the holder of a simple letter of credit, which has always been understood as giving an *option to*, not imposing an *obligation upon*, the bearer to cash his credit to the full amount expressed. In the case of such a letter of credit, he would draw bills upon his banker for the amount advanced, which amount the foreign banker would, or ought to, endorse upon the letter of credit, which the holder would retain until it was exhausted. In this more modern and, in some respects, more convenient form of effecting the same object, the holder cannot require less than the amount of a circular note, and he is not bound to cash all or any of the circular notes which he has paid for unless he thinks proper. That being so, it follows that the holder has the option of either cashing the notes with any one of the indicated foreign correspondents of the banker; or, if he find no occasion to use them, of reclaiming the amount (whether with any and what allowance of discount it is unnecessary to consider) of the banker himself. How, then, is this option to be exercised, and under what conditions? The written documents furnish no direct answer; but it is plainly to be read in the character of the transaction itself; and it is that the option to have back the money from the banker cannot be exercised so long as the holder of the circular notes retains the power of procuring cash thereupon from the banker's correspondents; in other words, that the circular notes must in all ordinary cases be returned to the banker, and that he cannot be called upon to return the amount so long as the notes are outstanding, so that he may also

be called upon to pay a correspondent who has cashed them. In this respect, it seems impossible that the secondary inferred obligation to return the money if the circular notes be not used can be larger than the primary express obligation that the notes shall be cashed if produced to one of the indicated correspondents. Was there, then, and is there, in this case, a possibility that the bank may be called upon to pay these notes? We think there was and is; and that the existence of such liability is inconsistent with an obligation to return the money. If the circular notes should turn up, and get into Rembeaux's hands, it would be in his power, if (which we are far from suggesting) he were a dishonest man, to procure them to be cashed by any of the indicated correspondents of the bank, who would thereupon have recourse against the bank. The possession of the letter of indication would not preclude such a proceeding. The correspondent who cashes a circular note ought to, and commonly does, for his own protection, look at the letter of indication for the purpose of identifying the holder of the circular note; but his doing so is not made a condition precedent. If he cashes the circular note for the person mentioned in the letter of indication, he has recourse against the banker, although from civility, overconfidence, or mere omission he may not have asked for the letter of indication. And, on the other hand, if, after the letter of indication has been properly filled in by the rightful owner with his signature, a foreign correspondent cashes a circular note for a thief who has succeeded in stealing the letter of indication and circular note, and in forging the name of the holder, no care in looking at the letter of indication can eke out a right to recover against the banker, as upon a payment to the right person. For these reasons, we think there was no obligation to refund *simpliciter*.[1] It was, however, urged that at all events the bank was liable to refund *sub modo*; that is to say,

[1] Directly.

upon being indemnified against the outstanding circular notes; and it was said that a proper indemnity had been tendered. The general proposition was hardly contested, but the sufficiency of the indemnity was denied. All we are called upon to decide upon the present occasion is, that apart from any equitable relief to which the plaintiffs may be entitled upon giving a proper indemnity, they are without recourse against the defendants."[1]

We see, then, from this case, that where circular notes and letters of indication had been posted to the plaintiff by his agent, that it was definitely held by the Court that the issuing banker was justified in debiting his client's account with the amount of the notes unless offered a satisfactory indemnity.

Negotiability.

Circular notes, to some extent, are like bank notes; and some idea as to their general negotiability may be gauged from the fact that they are commonly acceptable by hotel-keepers, merchants, and railway companies, as well as bankers, when the traveller identifies himself by means of his letter of indication and signature. They are thus a good deal more than the modified form of credit it is sometimes said they represent. Consequently, before paying the notes, the person to whom they are presented should carefully verify the signature of the person presenting them with that in the letter; and the better to protect himself, the one who encashes them should require the payee to complete the note with his signature in his own presence. As a prevention against forgery the notes should not be accepted in complete form.

Travellers' Cheques.

There seems to be a tendency for circular notes to give

[1] *Cf.* 1867, *Conflans Quarry Co.* v. *Parker*, Law Reports 3, Common Pleas 1; *Law of Banking* (Hebber Hart), p. 558 *et seq.*; *Law of Banking* (Sir J. Paget), pp. 66–7; *Banking and Negotiable Instruments* (Tillyard), pp. 214–15.

place to the traveller's cheque, a useful form of credit which originated in that great land of tourists, the United States of America. This form of credit, as the Americans rightly claim, is an authority in fact to whomever it may concern—the banker, the hotel proprietor, the merchant, or the railroad agent—to credit the person presenting it, when he identifies himself by means of his counter signature, with cash, goods, or services. It has placed in circulation an enormous amount of money that is safe for tourists to carry and, when ordinary precautions are used, safe for those who are called upon to accept it for full value. When first put into practice, the system marked a vital and important forward step in banking services.

As in the case of the circular notes, the holders of travellers' cheques are furnished with a letter of indication, usually in a much smaller form than the ordinary letter of indication, as the following specimen, which is self-explanatory, will show—

This Form should be carried in a separate pocket from the Travellers' Cheques

LETTER OF INDICATION

FOR

THE CANADIAN BANK OF COMMERCE

TRAVELLERS' CHEQUES

19

To our Correspondents :

M

whose signature is to be found below is the Holder of our Travellers' Cheques as follows :

$ 10–No. X .	To No. X	Inc.
$ 20–No. A	To No A	Inc
$ 50–No. B	To No B	Inc.
$100–No. C	To No C .	Inc.

We commend to your usual courtesies.

For THE CANADIAN BANK OF COMMERCE

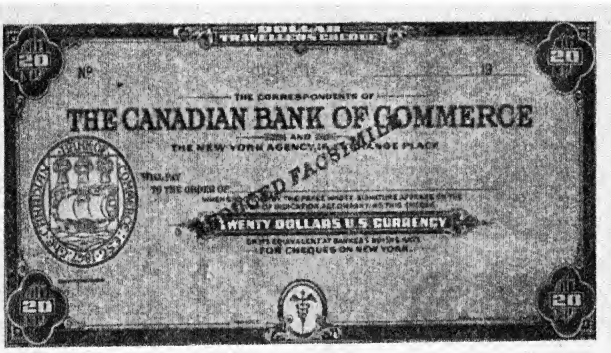
. . . . . .

This Signature must agree with the Countersignature on the Cheques.

Signature of .

. . . . . .

must be inserted when Cheques are Purchased.


DOLLAR
TRAVELLER'S CHEQUE
20
20
20
20
No.
THE CORRESPONDENTS OF
THE CANADIAN BANK OF COMMERCE
THE NEW YORK AGENCY
PAY
TO THE ORDER OF
FACSIMILE
TWENTY DOLLARS U.S. CURRENCY
FOR CHEQUES ON NEW YORK


STERLING
TRAVELLER'S CHEQUE
5
5
5
5
No.
THE CORRESPONDENTS OF
THE CANADIAN BANK OF COMMERCE
THE LONDON ENGLAND BRANCH
PAY
TO THE ORDER OF
FACSIMILE
FIVE POUNDS STERLING
FOR CHEQUES ON LONDON ENGLAND

Through the courtesy of the Canadian Bank of Commerce, we reproduce on page 31, specimens of that Bank's travellers' cheques. As will be observed, for circulation outside of Canada, they are issued in two series, viz., cheques expressed in dollars payable in New York in United States currency, and cheques expressed in pounds sterling payable in London.

The denominations of the dollar cheques are $20, $50, and $100, and the denominations of the sterling cheques are £5, £10, and £20.

The following instructions are issued to correspondents of the bank—

All cheques bear the lithographed signature of the general manager of the bank and will be countersigned by one of the bank's officers. Holders of cheques will be provided with a Letter of Indication in the form of a card, and this Letter of Indication will be signed by the officer who countersigns the cheques and will contain a specimen signature of the payee of the cheques for identification purposes. The holder should identify himself by endorsing the cheques in your presence and the payee's signature must correspond with his signature as it appears on the relative Letter of Indication.

Cheques may be negotiated for third parties provided the cheques are endorsed by them and they are responsible to you for the validity of the payee's signature.

Stamp duty, if any, must be paid by the holder.

Reimbursement for Dollar Cheques

These cheques will be redeemed in the United States currency at—

The Canadian Bank of Commerce, New York, N.Y.
The Canadian Bank of Commerce, Portland, Oregon.
The Canadian Bank of Commerce, San Francisco, California.
The Canadian Bank of Commerce, Seattle, Washington.

The face amount of all cheques which are negotiated in

the United States is to be paid by you to the holders thereof in the United States currency without deduction. Any commission charged by you should be added to the face amount of the cheques when forwarding them for redemption.

Reimbursement for Sterling Cheques

These cheques will be redeemed at—

The Canadian Bank of Commerce, 2 Lombard Street, London, Eng.

The face amount of all cheques which are negotiated in Great Britain is to be paid by you to the holders thereof in sterling currency without deduction. Any commission charged by you should be added to the face amount of the cheques when forwarding them for redemption.

Cheques negotiated outside Great Britain should be paid at a rate which will provide for the correspondent's commission and all charges.

CHAPTER IV

" If it were not for credit many people who possess capital but have no means of utilizing it themselves would find it useless and profitless " —JOHN STUART MILL.

SPECIAL LETTERS OF CREDIT—THE RESTRICTED LETTER OF CREDIT—CIRCULAR LETTERS OF CREDIT AND LETTERS OF CREDIT UNDER GUARANTEE — THE POSITION OF THE ISSUING BANKER AND OF THE PAYING BANKER

Special Letter of Credit.

A SPECIAL letter of credit was defined in our first chapter as a letter of credit addressed to a particular person by name, and a form of credit which closely resembles the special letter of credit, although perhaps not exactly identical with it, is what is called a Restricted Letter of Credit. As its name implies, this particular credit is subject to certain restrictions, drafts drawn under it are payable only by the bankers to whom it is definitely addressed, consequently the offices at which drafts may be cashed are also indicated; bankers or other people who cash drafts under these credits at places other than those indicated do so at their peril: in the event of dispute, they can have no claim against the issuing bank.

Restricted letters of credit are at present in use by the Bank of Scotland and other bankers, and a specimen of the credit will be found facing this page. The credit, as we have said, is addressed to certain banks, and the term " restricted " will be better understood when we say that a banker issuing this document would probably make it payable, say, at only three places; for example, one the writer has before him bears the inscription on the face of it—

TO THE CREDIT LYONNAIS
PARIS,
MARSEILLE,
BORDEAUX

On the other side is printed: "To the Correspondents mentioned on the first page," etc.

These credits are issued for a limited amount, and the time they are current is also limited, say, to six months. In all other respects they are similar to the credits we have already described; and the position in regard to loss, theft, non-negotiability, etc., in no way differs from that discussed in reference to the ordinary traveller's letter of credit.

Banks who have no foreign branches, or who do not deal largely in foreign business, often make arrangements with other banks who have accounts with foreign branches to make reimbursement of drafts drawn for their account; and in such cases those banks attend to all matters in connection with repayment, etc., on account of the issuing bank, these services being rendered for a small commission.

It will be noticed that no letter of indication accompanies these restricted credits; the reason is that the banker issuing the credit obtains from his customer several specimen signatures, one of which he sends to each of the correspondents named on the credit; and as he advises the issue of the restricted letter of credit direct to the said correspondents, there is, of course, no need for the holder of the credit to take with him a letter of indication

Circular Letters of Credit.

We now come to the Circular Letter of Credit, of which the number and variety, we had almost said, is legion. Circular letters of credit vary in colour, in shape, in wording, and in the periods for which they are issued, though bank officials who read this book will be relieved to know that nowadays there is a tendency among bankers to adopt a more or less standard form of circular letter of credit.

Like circular notes, circular letters of credit are really modified forms of letters of credit; but sometimes, instead of paying the whole amount down as in the case of circular

notes, a banker will issue the circular credit without payment in the first instance, and subsequently claim reimbursement of drafts as drawn and advised to him by his correspondents.

The reader is advised to study carefully the forms facing this page. The first is a circular letter of credit issued by one of the Canadian banks; the second is one issued by an Australian bank. In accordance with the usual custom, before granting such a credit, the bank would require its customer to sign a guarantee, somewhat in the following form—

To the X Y Z Bank, Limited,
Melbourne.

Dear Sirs,

I hereby request you to issue a letter of credit authorizing your London Office to honour the drafts drawn at any time before (date), *on them on demand by John Blank, to an extent not exceeding in the aggregate the sum of . pounds sterling. In consideration of your so doing I hereby authorize you to instruct your London Office to debit my current account there with the amount of all drafts paid under this credit. This guarantee is in addition to and independent of any guarantee that may be at present current.*

Yours faithfully,
Thomas Atkins.

There are occasions when banks issue these circular letters of credit to persons who have no current accounts with them, and in such a case the guarantee would possibly read—

To the Manager,
A B Bank.

Dear Sir,

In consideration of your having issued a Circular Letter of Credit, dated . for . . . pounds sterling in favour of William Blank, we hereby engage to reimburse you on demand for all drafts drawn under the same, provided that they shall not exceed in the aggregate the sum of . . . . . pounds sterling and are drawn in accordance with the terms of the said credit.

Yours faithfully,
Haydn Ash.

CIRCULAR LETTER OF CREDIT

No. 0000 ISSUED BY £ Stg.

THE CANADIAN BANK OF COMMERCE

192

To the Branches
named in our Letter of Instruction.

This letter will be presented to you by

in whose favor we have established a credit of
Sterling
to be available by drafts
on The Canadian Bank of Commerce London
which we request you to purchase at the current
rate of the day.

The drafts must be drawn in the following clause:
Drawn under Letter of Credit No. 0000
they should be drawn within one year from the date
hereof and the date and amount of each draft must also be
to be endorsed on the space provided on the back of this Letter.

We
provided both a copy of one Letter of Instruction
wherein signature may be found.

For The Canadian Bank of Commerce

SPECIMEN

SPECIFICATION

OF PAYMENTS MADE UNDER THIS LETTER OF CREDIT

DATE WHEN PAID	PAID BY	AMOUNT IN WORDS	AMOUNT IN FIGURES

SPECIFICATION

OF PAYMENTS MADE UNDER THIS LETTER OF CREDIT

DATE WHEN PAID	PAID BY	AMOUNT IN WORDS	AMOUNT IN FIGURES


THE CANADIAN BANK OF COMMERCE

These forms of guarantee are signed when there is no question of charges for exchange or anything of that sort; but the necessity sometimes arises for the bank's taking steps to ensure recoupment of expenses, and when that contingency is likely, the guarantee would contain clauses something like this—

In consideration of your so doing I undertake and agree to pay the drafts drawn by your London Office to recoup them for payments made under the credit, together with exchange at the current rate of the day and stamp duty, and I further authorize you to debit my current account at with the amount thereof without further notice.

Two things will be plain to the reader: first, that in the case of these circular letters of credit, the banks issuing them often have a London office who reimburse the foreign correspondents; secondly, that the amount of the credit is not paid down at the time of issue. They will not, therefore, be issued to any but first-class clients. Then it does not necessarily follow that it will be the client himself in whose favour the credit is made out; the credit may be drawn up in favour of his nominee. Circular credits, in fact, are often issued to firms who wish to send representatives abroad and to whom it is desirable to give power to draw amounts on demand at places visited up to a certain specified sum. Generally speaking, they are very economic credits, for they do not cause firms to tie up an amount of money for a long period. However, in return for allowing a person or firm this facility, it is essential for the banker to see that he is amply guaranteed.

Guarantee.

The guarantee is an important feature in connection with these circular letters of credit, and it may be well, therefore, to give a further example of one issued by a Canadian bank.

It is in this form—

(Date).

To the A B Bank,

The undersigned having received from you a circular letter of

credit for £ of which a true copy is on the other side, hereby agree to its terms, and in consideration thereof hereby agrees to pay you on demand the amounts drawn under the said credit, at the current rate for bankers' cable transfers on London, with interest added at six per cent per annum from date of payment of said drafts in London ; and also to pay you a commission of 1 per cent on the face amount of the said credit up to £500, and on the amounts actually drawn in excess of £500. *Should, in case at the date of its expiration any balance of said credit remain undrawn, the bank is hereby authorized to renew the said credit for the said amount undrawn for a further term of twelve months, the obligation of the under-signed to remain in full force and effect during the said further term.*

Abel White.

The words in roman type *may be crossed out when the credit is for a less amount than £500.*

In each of these instances the security received by the banker is the guarantee ; it can be fairly claimed that it is in the nature of a continuing guarantee, consequently the question constantly before the banker is : " How do I stand in the case of revocation by the guarantor ? " Similarly, the guarantor himself may be wondering what are his rights as to revocation.

It seems fairly clear that a continuing guarantee, not under seal, can be revoked if it has not been acted upon, and in so far as it has not been acted on

We have a legal decision to guide us in this matter ; it was given in the case of *Offord* v. *Davies*,[1] which, although not actually dealing with letters of credit, is worth studying from the point of view of the guarantee.

In this case there were two questions before the Court : (1) whether the guarantee could be revoked before it was acted upon ; (2) whether, upon the guarantee being acted on for one bill, it could be revoked as to future bills.

It appeared that a guarantee had been given for the due payment of all bills of exchange discounted (i.e. purchased) for a certain firm to the extent of £600 during twelve months. Before any bills were, in fact, so discounted, the guarantor cancelled his guarantee ; and the

[1] 1862, 12 Common Bench, New Series, 748.

Court decided that such a guarantee could be revoked before it was acted upon, and even if it had been acted on for one bill, it could be revoked for future bills.

That is an important ruling which we imagine is rarely thought of by bankers taking these guarantees.

Further, it should be noted that in the case in question, "each discount of a bill was held a separate transaction, creating a liability until the bill was met, and after that leaving the offer in the same position as if no discount had been made, that is to say, leaving it capable of revocation until again acted on." [1]

With regard to the period of the guarantee, an interesting point came out in the case *Offord* v. *Davies*. The judge considered whether the rights of the parties were affected by the guarantee being expressed to be for twelve months, and decided that the promise to pay for twelve months creates no additional liability on the guarantor; but, on the contrary, it fixes a limit in time beyond which his liability cannot extend.

In still another case we find Mr. Justice Joyce stating that it is undoubted law that a continuing guarantee not under seal, for future advances, if not so framed as to become operative before it is acted on, could be revoked or withdrawn altogether before being acted on and, as to future transactions, may be terminated at any time. [2]

Position of Paying Bankers.

These decisions may or may not be considered satisfactory to the immediate parties concerned, the issuing banker and his client; but, unfortunately, the matter does not end there; we have also to take into consideration the position of the third party, the paying banker; what are his rights against the issuing banker? No arrangement between the grantor of the letter of credit

[1] *Cf* Tillyard, *Banking and Negotiable Instruments*, p. 220
[2] *In re Crace, Balfour* v *Crace*, 1902, 1 Ch 733; *cf* also Heber Hart, *Law of Banking*, pp. 679-81

and the person who has given the guarantee would be binding upon the paying banker. Consequently, if he in reliance upon and in accordance with the terms of the letter of credit has cashed the drafts of the holder to the credit, he clearly has a right to claim upon the issuing bank for reimbursement of the drafts; he is not affected by the state of accounts between him and his client.

In this respect, the case of *In re Agra & Masterman's Bank*, although it did not deal with the encashment of demand drafts, clearly indicates what line the Courts might be expected to take in the event of an action by the paying banker to recover any amounts paid by him on the strength of the credit.

Lord Justice Turner's remarks in the case are to the point. He said—

"It is plain that this letter (i.e. the letter of credit) was given by the bank with a view to its being shown to persons who were to negotiate the bills, and to make advances upon the faith of the letter; and the last passage contained these words: 'Parties negotiating bills under it are requested to endorse particulars on the back hereof.' It is plain that this part of the letter is in truth addressed to the person by whom the bills were to be negotiated. The whole effect of the letter is that the Agra Bank held out to the persons negotiating the bills the promise that it would pay the bills; and it would be impossible . . . to allow the bank, after having sent that letter into the world, addressed to persons who were to encash the bills, and so hold out to them that it would be answerable for their payment, to say that . . . it would not pay the bills. . . . I think that there clearly is a perfectly good equity to sustain a bill filed by any one of the persons by whom bills drawn under the letter of credit had been negotiated to compel the Agra Bank to accept and pay these bills."

It seems, therefore, that the issuing banker is in a sort of *pis aller* in regard to these circular letters of credit;

but if, as would appear, the guarantee is not the safe haven he thought it was, the remedy is either to insist upon payment down of the full amount of the credit, or the deposit of satisfactory security before issuing such credits. Alternatively, he might follow the safer course and include clauses in the guarantee to provide for the contingencies we have mentioned. The efficacy of the guarantee is undoubtedly dependent upon the completeness in the form of the guarantee itself; consequently bankers cannot be too careful in these matters.

Finally, in the event of revocation of the guarantee, the banker who issued the credit can protect himself by the obvious method of telegraphing details of the revocation to all the correspondents likely to cash drafts under the credit. At best, however, revocation is a dangerous expedient, since it is good only against persons who have received notice of the revocation. Any other persons paying drafts under the authority conveyed by the letter of credit are protected by it, despite the cancellation of the credit.

CHAPTER V

"If you were ignorant of this, that credit is the greatest capital of all towards the acquisition of wealth, you would be utterly ignorant." —DEMOSTHENES.

BANKERS' CREDITS—UNCONFIRMED CREDITS—REVOCABLE AND IRREVOCABLE CREDITS

Basic Principles.

IN the previous chapters we have, so to speak, taken a preliminary canter over the general field of credits, and have now to leave the broad highway and to pursue our way through the more intricate bypaths of the subject. The subject of credits, which have for their object the facilitating of the exchange of commodities between one country and another, has been left untouched, and for this reason. In order to get a clear understanding of the whole problem underlying credits and all that appertains to them, it is necessary that we should have a correct knowledge of the basic principles In a word, we have to trace the development of the business step by step, from the most simple banking transactions to the more involved operations. The *via media* for this has been through bank credit operations which do not involve the drawing of time, or usance bills as they are called in banking parlance The fundamental basis for all bank credits is this, the giving of an authorization by a banker to someone else to draw bills of exchange, the implication being that the banker issuing this authorization will either pay the bills himself or see that bills meet with due honour by the person upon whom they are drawn. We have seen how this implied warranty works out in those cases which concern the more common forms of travellers' credits and the like; we have also seen some of the pitfalls that are

strewn in the path of the unwary parties to each transaction; let us now turn our attention to credits which are largely used by commercial men.

Bankers' Credits.

The generic term for these instruments is "Commercial Credits"; actually, they are known to merchants and others as "commercial credits," while to the bankers they are known as "bankers' credits"—a distinction without a difference to the ordinary lay mind; but to the banker who is a stickler for correct definitions, there is a fine shade of difference. It is this. The banker argues that the credit under which he himself guarantees to accept or pay bills is the bankers' credit; but the credit under which the importer himself accepts and pays the bills, even though it be advised through the intermediary of a banker, is, strictly speaking, the commercial credit. The point, however, does not seem to be of great importance.

However, included in the general term "Bankers' Credit" are a whole host of instruments, all giving some sort of authorization to draw bills, but all differing from each other in certain points. These points, although seemingly not of much importance to the casual observer, need special attention if mistakes, many of them expensive, are to be avoided. It will be necessary for us, therefore, even at the risk of a little reiteration, to be careful to distinguish between the various forms of shipping credits.

Open Letters of Credit–Special Letters of Credit.

It may be convenient, first of all, to dispose of the general expressions—"Open Letter of Credit" and "Special Letter of Credit." In the view of the author, a special letter of credit is one which, as was shown in the previous chapter, clearly defines by whom, through whom, and at which places bills shall be drawn. When we come to deal with usance bills, that is, those drawn at so many days or months after date or sight, especially those which call for attachments such as shipping documents, we find

other conditions imported into these special letters of credit. Consequently, if a banker in defiance or in neglect of the terms of the credit, negotiates bills under it, he may, in the event of a lawsuit, be unpleasantly surprised to find that he could not recover the amount of the bills against which he had made an advance.

The trouble doubtless frequently arises from confusing an open credit with a special credit. It is sometimes said that there is no such thing as an open credit, but that idea was effectually disposed of long ago in the case of the *Union Bank of Canada* v. *Cole.* In that case it was held that if the document, which is asserted to be a letter of credit, is addressed to all the world, then those who act upon it have, in fact, the advantage of an actual legal contract with the giver of the letter—an actual contract either because it was intended by the issuer of the letter of credit that they should act upon it, or because he has so acted that persons dealing with him would have a right to infer that he so intended. Consequently, whether he intended it or not, in ordinary principles of law he becomes bound. Even so, it seems that the distinction does not entirely lie in the mere way in which a credit is addressed or sent out into the world, for in the same action we find another authority—Mr. Justice Mathew—holding the view that a letter of credit which contained an implied or express statement that produce must be paid for, and paid for before bills were drawn, did not constitute an open credit. The inference, plainly, then, is that credits which make as a condition precedent to the paying or accepting of bills the carrying out of some such obligation, are special credits and not open credits, so bankers, who are called upon to make the distinction, may be a little surprised to know that still another duty is thus added to the many onerous tasks they have to perform.

The whole subject of credits at the present time bristles with difficulties, and it is necessary, therefore, to worry the reader with further distinctions.

Bankers' Credit.

We may take, first of all, the general term "Bankers' Credit." These two words are more frequently misused than any other pair of words in the banker's vocabulary. Bankers, lawyers, and commercial men all have different ideas as to their meaning and significance, and, as an American writer says, Letters of Credit used in commerce are as flexible as the minds of merchants are ingenious. It is commonly understood that the term covers all credits issued by bankers, but bankers dealing largely with credits apply the term to one class only.

A Banker's Credit, it is often held, is an authorization by the importer to the exporter to draw upon a certain bank; and under the importer's arrangement with the bank, the latter, when the bills come forward, will accept the bills if drawn in accordance with the terms of the credit. A good deal of misunderstanding, however, arises from the fact that arrangements for the issuing of the credit are made with one bank, but notification of the opening of the credit reaches the exporter through the intermediary of a second bank.

In order the better to understand this particular credit, it may be well, therefore, to consider briefly the *raison d'être* of its issue We will ignore for the moment the terms "unconfirmed" and "confirmed" bankers' credit, and ask the reader to imagine an importer in London who wishes to import goods from India. The exporter in India has no great wish to be out of his money during the time the goods are *en route* to England, and probably he cannot afford to wait until the goods have reached London, have been taken delivery of by the importer there, and payment subsequently sent through a bank to India. So, to obviate the delay, he writes to the London importer requesting him to make arrangements for payment, in whole or in part, to be made in India as soon as he, the exporter, has the goods ready for shipment. The importer is thus on the horns of a dilemma, to get out of which he goes to his banker,

the City Bank, and asks them to arrange the matter with one of the Indian banks. We will assume for the purpose of our argument, that, while the importer is not exactly a man of straw, he is honest and has a reputation for straight-dealing, yet he is possessed only of moderate means. In such circumstances, the banker will probably ask him to sign an undertaking somewhat like this—

. 19

To the Manager,
City Bank, London.

Sir,

Please open on my behalf a credit for pounds sterling with your Agents in . . in favour of . . . . to expire on

Bills to be drawn at . . for invoice cost of . to be shipped to London .

Drafts to be accompanied by Bills of Lading to your order . . .

Particulars of insurance. ... .

In consideration of your issuing the above credit, I hereby agree to provide funds for the payment of all drafts drawn in accordance therewith and for your charges in addition.

(*Signed*) *A.B.*

When this document is signed, the City Bank asks the London branch of the Indian Bank to advise out the credit. Every bank has its own particular form for advising such credits, but a general idea of the method followed will be obtained from the following—

(Address) . . .

... .

No... . .. ... (Date) . ...

To the Indian Bank,
London.

Dear Sirs,

We shall be obliged by your instructing your branch at Bombay to open a credit for . . pounds sterling for account of. . . . .. . in favour of. . . . .
To be availed of by drafts drawn at ....on this Bank for invoice cost of .. .... to be shipped from .... to . . . . .

Bills of Lading to the " order of the City Bank, London."

In consideration of your so doing we hereby engage with the bona fide holders of such drafts that they shall meet with due honour on presentation, provided they be drawn in accordance with the terms of this credit and before .. . .

(*Signed*) *A. Blank,*
Manager.

When the Indian Bank in London receives this request, it advises the credit out to its Indian branch, either by cable or by mail, according to the instructions given; and the Indian branch, in due course, communicates the details to the exporter, who is thus put in a position to procure payment for his shipment when ready or, if he so desires, to fix exchange at once with the bank in India.

There are many and diverse types of these credits, and, in the absence of standardized forms, the person new to the subject is apt to become bewildered when he hears the names given to them. Perhaps the best thing we can do first of all is to discuss the Unconfirmed Bankers' Credit, and here we come to grips with a troublesome document.

Unconfirmed Bankers' Credit.

An unconfirmed bankers' credit is a written intimation from one bank to another bank (or person) to the effect that a merchant or bank has opened a credit with them for bills to be drawn under terms. Such credits are used to facilitate the finance of imports and exports. In general they arise from an arrangement by an importer with his bank to accept the foreign exporter's bills drawn upon the bank up to a certain specified amount within a given period, provided such bills are drawn in accordance with the terms of the credit.

The credits usually specify the particular merchandise to be shipped, the documents to be attached to the bills of exchange (i.e. the bill of lading, marine insurance policy, certificate of origin and/or consular invoice, and frequently letter of hypothecation). As we shall presently show the weakness in these credits lies in the right of cancellation by the issuing bank, which it should be noted does not

guarantee to accept or pay the bills, but says as it were " if everything is satisfactory we will honour the bills, but in case of need acting on the instructions of our client, the importer, we reserve the right to cancel the credit."

The credits are frequently opened with banks, say in London, who have no branch in the particular place in which the exporter is operating, and they are then advised through the intermediary of a foreign or colonial bank that has a branch in the foreign city.

This advising of the credit through an intermediary bank, in a way, complicates the transaction as far as two bankers are concerned, and for this reason.

An important distinction between an unconfirmed bankers' credit and a confirmed bankers' credit is that the former is subject to cancellation by the grantor bank, either with or without the instructions of the importer. It is usual, therefore, for the intermediary banks to safeguard themselves by insisting on the inclusion in the credit of some such clause as the following:

" We hereby undertake to honour all drafts drawn upon us under this credit, provided your branch has negotiated the bills prior to receipt of notice of cancellation," or " it is of course understood that in the event of cancellation of this credit all drafts negotiated prior to the receipt of notice of cancellation by your branch will be duly honoured, if drawn in accordance with the terms of the credit."

In adopting this attitude the intermediary banks are in agreement with American banks who hold that an unconfirmed credit is one which is advised by a notifying bank to the beneficiary without obligation on the part of the notifying bank.

The important point to note in regard to an unconfirmed credit is that the undertaking of this issuing bank is in no sense a guarantee to the beneficiary that his bills will be accepted and/or paid; though as we have shown in the terms of their undertaking with the intermediary or notifying bank the issuing bank does guarantee to honour

drafts actually negotiated prior to the receipt of notice of cancellation.

Very often the urgency of some transaction or operation requires that the details of the opening the credit be communicated to the beneficiary immediately, and resort is then had to the telegraph. The main points of the credit are cabled out by a home bank to its foreign branch, which in turn communicates the information to the exporter, stating that the credit is unconfirmed or revocable as the case may be, and the beneficiary is then free to act upon it or not, as he thinks fit. The cabling of such a credit gives rise to interesting questions as to the legal results which arise when the credit is created, say in England, for use in another country. But in a case that came before the Court of Appeal in April, 1925 (*International Banking Corporation* v. *Barclays Bank, Ltd. and another*), Lord Justice Atkin in the course of his remarks gave a very clear lead as to the position. He said if the credit is a revocable credit (i.e. an unconfirmed credit), then the bills to be drawn under it can only be negotiated through a correspondent of the English bank who happens to be employed for the porpose of announcing the existence of the credit, and that is for the simple reason that it is only in that way that the revocable nature of the credit can be enforced. In other words, the implication is this: that if a credit is intended to be utilized to give power for bills to be drawn and negotiated at any place in the foreign country and through any bank, then it is irrevocable unless it appears on the face of it that it is revocable.

In the same case, Lord Justice Sargant said that if a cable credit is expressed to be revocable it is domiciled with and only available through the advised and certifying bank, since otherwise there would be no means by which the credit could be effectually revoked by the advising bank.

In the case of these unconfirmed credits, then, we get a guiding rule, that, as they are revocable, they can only be

acted upon with safety in the place at which they are meant to be utilized, and the bills can only be negotiated through the named bank at the domicile of the beneficiary.

The subject of Unconfirmed Credits has given rise to a good deal of controversy among both bankers and commercial men. But, as the Westminster Bank, Ltd., pointed out quite frankly in one of its brochures, it is well that the difference between a confirmed credit and an unconfirmed credit should be clearly understood. A merchant might manufacture goods ordered and incur all the expenses incidental thereto, and suddenly find that the credit on which he was relying for payment had been cancelled without any notice or warning whatever by an unscrupulous buyer, who for reasons of his own had to get out of his contract. It is even possible that one or other of the intermediary banks might see sufficient reason for withdrawing the accommodation, though such a contingency is very remote. It follows that credits of this character should be accepted only from buyers of standing and undoubted integrity.

Mr. Justice Bailhache, in a case which was tried in 1921, was particularly emphatic in his condemnation of such credits. He said, " The truth of the matter is, that an Unconfirmed Credit is practically useless If I was a seller of goods I would never accept an Unconfirmed Credit under any circumstances whatever." Though we do not altogether agree with the learned Judge's remarks, yet we desire frankly to point out the demerits of Unconfirmed Credits.

The case to which we have referred was one which negatived the existence of any legal duty on the part of the banker to give notice of cancellation of a credit to the party interested, but, as the Institute of Bankers say in *Legal Decisions Affecting Bankers*,[1] no doubt bankers, as a rule, do give such notice, as it seems the right and reasonable course to pursue.

[1] Vol. III, p. 318.

The case to which we have referred, was one between the Cape Asbestos Company, Ltd., and Lloyds Bank, Ltd., the judgment by Mr. Justice Bailhache being given in full in *Legal Decisions Affecting Bankers,* from which we paraphrase the salient points. The letter of credit in question was one which the Banque de l'Est, Warsaw, had instructed Lloyds Bank to open in favour of the sellers. The bill of exchange under the credit was to be drawn on Lloyds Bank at sight, and to be accompanied by shipping documents. The following clause was added at the end of the credit.

" This is merely an advice of the opening of the above-mentioned credit and is not a confirmation of the same."

This, it was held, was a revocable credit which could be revoked at will by the Warsaw Bank, acting on the instructions of the buyers. It was available for drafts on Lloyds Bank with the relative shipping documents attached so long as the credit was open. It so happened that on 4th August, 1921, the credit was withdrawn, but in the meantime the Cape Asbestos Company had made a shipment and deposited certain documents with Lloyds Bank in exchange for part of the sum for which the credit had been opened. On 2nd October, they sent to that bank the documents relating to the balance of the shipment of 30 tons. The documents included an invoice and bill of lading, but the invoice was for more than the balance of the credit. Further, the bill of lading, instead of being made out to Lloyds Bank, was in favour of the buyers of the asbestos. By some means or other the buyers obtained possession of the goods, for which they had not paid, and as a result the Cape Asbestos Company lost their money, and thereupon they claimed against Lloyds Bank for the balance of the credit. It appeared that no notice of the revocation of the credit had been given by Lloyds Bank, and the plaintiffs were under the impression that it was still in force.

The crucial question before the Court was whether there was any legal obligation or legal duty on the part of Lloyds

Bank to inform the plaintiffs of the withdrawal of the credit. To quote the words of Mr. Justice Bailhache: "It is to be observed that the notice which was given by the bank on the opening of the credit is of the opening of a revocable credit and not of a confirmed credit. That tells the person in whose favour the credit is opened that he may find that the credit is revoked at any time. That being the representation which is made by the bank to the person in whose favour the credit is opened, the seller in this case, is the bank under any legal obligation to him to inform him when the credit is revoked?"

Mr. Justice Bailhache held that, however wise, and however prudent, and however much in the interest of business, such a notice may be, there is no legal basis upon which he could found an obligation on the bank to give a notice under such circumstances. A witness called for the bank said that the bank regarded notice of withdrawal as an act of courtesy which they always performed, except in such a case as this when, unfortunately, it was forgotten. That, the judge held, was the true view of the situation. It is an act of courtesy which it is very desirable should be performed, but not based upon any legal obligation or duty.

A counsel of perfection which the learned Judge also gave in the course of his judgment was this: that in the case of a credit like this, the wise thing for the seller to do before making a shipment is to inquire of the bank who have given him notice that the credit is revocable, whether the credit has been withdrawn or not. We commend that advice to all shippers who are working under these unconfirmed credits.

Differences on this matter of cancellation sometimes arise between the banks issuing the credits and other banks through whom they are advised. Between the banks interested, the whole question seems to be dependent on the exact meaning of the phrase, "the place in which the credit is opened." The argument is that the issuing

bank is only obliged to accept such bills as are drawn prior to the date on which notice of cancellation of the credit is received by the negotiating bank *in the place in which the credit is opened.* The question in dispute is: Which is the place in which the credit is opened—is it in London or is it in the foreign city? Bankers through whom such credits are advised say the place in which the credit is opened is the city in which it is to be operated upon. Care should be taken, therefore, not to confuse the place from which the credit is advised with the place in which the credit is opened; and to avoid all ambiguity, the negotiating banker, or the intermediary through whom the advice is sent, can always safeguard himself by insisting that the credit states that it is to be opened in the foreign city. If this point is made clear, the dubiety about the exact date upon which the issuing banker's guarantee to accept ceases would be dispelled, at any rate, between him and the negotiating banker.

We shall have more to say on this subject of revocation at a later stage; but, as concerning the exporter, other questions arise. If a bank gives an undertaking to accept his drafts without reserving any power of revocation, there would be trouble in upholding the right to cancel the credit. The credit is given to a person, in order that he may act upon it; and if it involves the delivery of a letter over the bank's signature, or even notice to the beneficiary that some such document was on its way, the difficulties in upholding the right of cancellation in a court of law would be great.

For instance, in some cases the credit advised through the intermediary of foreign or Colonial banks actually takes the form of a letter of credit, which is given to the London branch of one of these banks to be sent out to its foreign branch and there handed to the beneficiary immediately on arrival of the mail. The credits are issued by London banks and finance houses, and the wording varies according to the particular requirements

of the business to which they relate. Generally speaking, they would be addressed to the beneficiary by name; some begin—

To the A B Trading Co. You are hereby authorized to draw on us at 60 *days' sight, etc.*"

Others read—

" *We hereby authorize John Brown to value on us for, etc.*"

Then follow the usual particulars regarding goods to be financed, terms, etc. Both forms conclude with the words—

We hereby agree with the drawers, endorsers and bona fide holders of bills drawn in accordance with the terms of this credit, that they shall be duly accepted on presentation and paid at maturity.

With such a document in his hands, the beneficiary is obviously in a position of being able to get his bills drawn on the London joint stock banks or finance houses purchased at prime rates, and it is sometimes claimed that the advantage of credits in this form is that the beneficiary is enabled to get his bills negotiated through any bank he likes at the port of shipment. As a matter of fact, although it is customary for foreign branches of the banks through whom credits are advised or passed to receive the first refusal of the resulting exchange, it does not necessarily follow that the rate of exchange at which they are prepared to negotiate the beneficiary's bills will be the most favourable that can be obtained, and in such a case the exporter will very probably settle exchange with another bank. Consequently where there is no actual stipulation in the credit for the bills of exchange to be passed through a specified bank, it is not unusual for bills to go through other channels.

Rights of Third Parties.

It is plain that third parties are often intimately concerned in these bank credits and the bills that are subsequently negotiated under them; consequently, the

rights and position of third parties may appear a little involved. The whole aspect of the business has, however, been very fully discussed in several law cases. In one case to which we have already referred, that of *In re Agra & Masterman's Bank*, the rights against the banker of a person who, in reliance upon the terms of the credit, had negotiated bills, were clearly defined.

It appears that the Agra & Masterman's Bank had opened a letter of credit in favour of a firm named Dickson, Tatham & Co. The letter of credit was in these terms—

AGRA & MASTERMAN'S BANK.

No. 394.

31*st October*, 1865.

To Messrs. Dickson, Tatham & Co.

You are hereby authorized to draw upon this bank at 6 *months' sight to the extent of* £15,000 *(fifteen thousand pounds sterling), and such drafts we hereby undertake duly to honour on presentation.*

This credit will remain in force for twelve months from this date, and parties negotiating bills under it are requested to endorse particulars on the back hereof.

Bills must specify that they are drawn under Credit No. 394 *of* 31*st October*, 1865

The beneficiaries, Dickson, Tatham & Co., drew bills under the credit for £6,000, and they were purchased by another bank, the Asiatic Banking Corporation, who, as directed by the instructions in the letter, endorsed particulars on the letter of credit. The Agra & Masterman's Bank failed in 1866, and the liquidator of the bank sought to set off the amount of the drafts against a debt due from Dickson, Tatham & Co., the persons in whose favour the credit was granted, but to this action the Court refused to assent. They decided that the letter of credit constituted a contract to the benefit of which all persons taking and paying for bills on the faith of it were entitled, without regard to the equities between the bank and other parties, and that the claimant was entitled to prove for the full amount due on the bills.

Lord Justice Turner's findings on the case have already been referred to on page 40; and, as we have there shown, he emphasized the fact that the whole effect of the letter of credit was, that the Agra Bank held out to the persons negotiating the bills the promise that it would pay them.

We get further guidance from the remarks of one of his colleagues in the same case, Lord Justice Cairns, who said—

"The letter is a general invitation issued by the Agra & Masterman's Bank, through Dickson, Tatham & Co., to all persons to whom the letter may be shown, to take bills drawn by Dickson, Tatham & Co. on the Agra & Masterman's Bank with reference to the letter, and to alter their position by paying for such bills, with an assurance that, if they or any of them will do so, the Agra & Masterman's Bank will accept such bills on presentation. . . . Upon the offer in this letter being accepted and acted on by the Asiatic Banking Corporation, there was constituted a valid and binding legal contract against the Agra & Masterman's Bank in favour of the Asiatic Banking Corporation. . . . But, assuming the contract to have been at law a contract with Dickson, Tatham & Co., and with no other, it is clear that the contract was in equity assignable. . . Generally speaking, a chose in action assignable only in equity must be assigned subject to the equities existing between the original parties to the contract; but this is a rule which must yield when it appears from the nature or terms of the contract that it must have been intended to be assignable free from and unaffected by such equities. The essence of this letter is, as it seems to me, that the person taking bills on the faith of it is to have the absolute benefit of the undertaking in the letter and to have it in order to obtain the acceptance of the bills which are negotiable instruments payable according to their tenor, and without reference to any collateral or cross claims. Unless this is done, the letter is useless: Dickson, Tatham & Co. obtain no benefit

Guaranty Trust Company of New York

140 Broadway

Capital $25,000,000. Surplus $25,000,000.

Member of Federal Reserve System

Cable Address : " Fidelitas "

Fifth Avenue Office
Fifth Avenue and 43rd St.
Cable Address : " Notromco "

Madison Avenue Office
Madison Avenue and 60th St.
Cable Address : " Fidelitas "

London Office
32 Lombard Street, E.C.
Cable Address : " Garritus"

Paris Office
Rue des Italiens 1 & 3
Cable Address : " Garritus "

New York___*February* 26, 1919____

Please address reply to
Guaranty Trust Company of New York
Foreign Department

To___*The United States Mercantile Co.*,___
____140 *Broadway*,_____
_____*New York City*_____

EXPORT CREDIT

No ___*Ex*-60001__

Dear Sir :

In accordance with__*cable*___instructions received from___*Banco*__ *Mercantil*__*Americano de Colombia, Bogota*_____ we open a **revocable credit** in your favor for account of___*The South* __*American Import Company, Bogota, Colombia*_____ Amount $__50,000 00__(*Fifty thousand*_____Dollars) covering shipment of__*coffee cleaning machinery from New York to Barranquilla, Colombia* _____

Drafts under this Letter of Credit are to be drawn at_____sight on ___*us*_____and are to be accompanied by a set of Shipping Documents of a character which must meet with our approval, consisting of Shipper's invoices_____
Consular invoices if such documents are required in connection with this shipment.
Marine and War Risks insurance policies_____
Full set of ocean steamer Bills of Lading___*made out to order and indorsed* __*in blank, or to the order of the Banco Mercantil Americano de Colombia*

This Letter of Credit is Valid only upon there having been issued an appropriate Export License, covering the transaction.

It must be understood that payments under this Credit will only be made provided the goods are actually on board or loading on the Vessel named in the B/L.

If Government regulations restrict the issue of order Bills of Lading, please communicate with us and we will advise you in the premises.

Marine insurance should cover from Warehouse to Warehouse, and not less than ten days after arrival, and also include deviation clause, craft and lighter clause, negligence and or latent defect clause. Policies reading *Free of Particular Average* completely must not be tendered without prior arrangement with us.

This Letter of Credit is issued subject to all regulations and enactments of the United States Government and its Allies and to any proclamations of the President governing export shipments.

The documents should be presented *whenever possible* in time to be forwarded on the steamer carrying the merchandise.

This Letter of Credit expires___*30th June*, 1919__unless sooner revoked

If you are unable to comply with the terms as indicated above, please communicate with us promptly, and oblige,

Yours respectfully,

GUARANTY TRUST COMPANY OF NEW YORK [1]

---

[1] *How Foreign Trade is Financed* (Guaranty Trust Co. of New York).

Guaranty Trust Company of New York

140 Broadway

Capital $25,000,000. Surplus $25,000,000.

Member of Federal Reserve System

Cable Address: "Fidelitas"

Fifth Avenue Office
Fifth Avenue and 43rd St.
Cable Address: "Notromco"

Madison Avenue Office
Madison Avenue and 60th St.
Cable Address: "Fidelitas"

London Office
32 Lombard Street, E.C.
Cable Address: "Garritus"

Paris Office
Rue des Italiens 1 & 3
Cable Address: "Garritus"

New York___*February* 26, 1919____

Please address reply to
Guaranty Trust Company of New York
Foreign Department

To____*The American Export Association*,___
____140 *Broadway*,_____
_____*New York City*_____

EXPORT CREDIT

No.__*C*-60000____

Dear Sir:

In accordance with___*cable*____instructions received from___*Banco*__*Mercantil Americano del Peru, Lima, Peru*_____
we open an **irrevocable credit** in your favor for account of___*The South*__*American Import Company, Lima, Peru*_____
Amount $__100,000 00___(*One hundred thousand*_____Dollars)
covering shipment of__*general merchandise from New York to Callao, Peru*
_____

Drafts under this Letter of Credit are to be drawn at_____sight on
___*us*_____and are to be accompanied by a set of Shipping
Documents of a character which must meet with our approval, consisting of:
Shipper's invoices_____
Consular invoices if such documents are required in connection with this shipment.
Marine and War Risk insurance policies_____
Full set of ocean steamer Bills of Lading__*made out to order and indorsed*__*in blank, or to the order of the Banco Mercantil Americano del Peru*___

This Letter of Credit is Valid only upon there having been issued an appropriate Export License, covering the transaction.

It must be understood that payments under this Credit will only be made provided the goods are actually on board or loading on the Vessel named in the B/L.

If Government regulations restrict the issue of order Bills of Lading, please communicate with us and we will advise you in the premises.

Marine insurance should cover from Warehouse to Warehouse, and not less than ten days after arrival, and also include deviation clause, craft and lighter clause, negligence and or latent defect clause. Policies reading *Free of Particular Average* completely must not be tendered without prior arrangement with us.

This Letter of Credit is issued subject to all regulations and enactments of the United States Government and its Allies and to any proclamations of the President governing export shipments.

The documents should be presented *whenever possible* in time to be forwarded on the steamer carrying the merchandise.

This Letter of Credit expires___*30th June*, 1919.____

If you are unable to comply with the terms as indicated above, please communicate with us promptly, and oblige,

Yours respectfully,

GUARANTY TRUST COMPANY OF NEW YORK[1]

---

[1] *How Foreign Trade is Financed* (Guaranty Trust Co of New York).

from it, and takers of the bills obtain no protection under it."

The rights of third parties were also very plainly indicated in *Maitland* v. *Chartered Mercantile Bank of India, London, and China*, and the decision in that case clearly lays down the right of third parties to enforce payment of a draft which they had negotiated on the strength of a letter of credit, even though in this case the letter of credit was what is known as a "Marginal Credit" and contained no request to parties negotiating the bills under the credit to endorse particulars on the credit, as was the case in Agra & Masterman's Bank.

Form of Unconfirmed Credit.

A very good example of what might be regarded as an Unconfirmed Credit is the one we are able to reproduce herewith through the courtesy of one of the banks. It is a form of export credit opened by a foreign buyer through the Guaranty Trust Company of New York, in favour of a manufacturer, exporter, or shipper in the United States; and, as will be noticed, it contains the word "revocable," which may be taken to indicate that, notwithstanding the fact that the date of expiration appears on the credit, it is, nevertheless, subject to cancellation by the issuers at any time. Consequently, if the beneficiary accepted such a credit, he would, we think, have difficulty in substantiating a claim for damages if the credit were revoked. The word "revocable" should also be sufficient notice to negotiating banks to be on their guard.

Irrevocable Export Credit.

In contradistinction to this credit, we give a specimen of an Irrevocable Export Credit issued by the same bank. As will be observed, the credit is one opened by a foreign buyer in favour of a firm of exporters in the United States; and the essential difference between this credit and the

Revocable Export Credit is that, as an irrevocable credit, it cannot be cancelled prior to the date specified in the credit without the consent of the beneficiary.

This credit is more in the nature of a confirmed bankers' credit, and it will be noticed the drawee bank and the bank which issues the credit are different institutions. There are important details connected with this form of credit, consequently a discussion of the relative merits and demerits are worth a separate chapter.

CHAPTER VI

" Credit keeps the crown o' the causey " (i.e. credit is not ashamed to show itself).

CONFIRMED BANKERS' CREDITS AND UNCONFIRMED BANK CREDITS—THE DISCUSSION CONTINUED

AFTER traversing a somewhat circuitous route, we now come to a consideration of the Confirmed Bankers' Credit, concerning which no little mystery and misunderstanding exists. Consequently, if the reader will pardon our using the metaphor at the head of this chapter, we shall endeavour in the pages that follow to dispel some of the fog that exists and reveal the credit in the open light of day.

Confirmed Bankers' Credit.

First of all, the difference between this document and a bankers' credit without the word " confirmed " should be noted carefully. A confirmed bankers' credit is one issued by a bank in which that bank undertakes, subject to the fulfilment of certain terms and conditions, to accept and pay at maturity the bills drawn under the authority so given. It is the banker here who gives the actual authority, not the importer. Merchants, manufacturers, and all classes of shipper whose financial requirements are assisted by the issue of these credits, rely on the unwritten law that bankers issuing such credits will not, within the prescribed currency of the credit, cancel them without the concurrence of the beneficiary. An important point to remember, too, is that with the confirmed bankers' credit, the drawer of a bill has the assurance from the bank that it will accept his bill on presentation ; in the case of an unconfirmed credit, he has no such assurance.

Whatever differences of opinion there may be about the right to cancel a bankers' credit, there is no uncertainty about the confirmed bankers' credit, which it is held, once

issued to the grantee, cannot be revoked by the banker Some bankers, indeed, go so far as to say that the chief distinction between a bankers' credit and a confirmed bankers' credit is that, in the former case, the bank might revoke its undertaking with or without notice, but in the latter case it could not revoke.

In the case of the unconfirmed credit that contention might possibly be maintained in view of the decision in *Cape Asbestos Co. Ltd.*, v. *Lloyds Bank Ltd.*, but unless the bankers' credit actually bears the word "revocable" the banker who claims the right to revoke it at will is leaning on a shaky reed. He would probably find that if the credit is issued and either advice of its issue sent to the beneficiary, or the document handed to him, the banker would not be entitled in law to recall the authority to draw without the consent of the beneficiary. The position, we hold, is this: as the outcome of the terms and conditions of a bankers' credit being conveyed to the beneficiary, he might very well have been induced, say, to manufacture or purchase goods for shipment for a special market, which he otherwise would not have touched. The consequences of cancellation of the credit to him would therefore be serious. He might have goods or manufactured articles or produce thrown on his hands which would be unsaleable elsewhere or were useless except for the purpose for which they were originally intended. By the banker holding out the offer to accept his bills, the beneficiary has been induced to incur liabilities; and we do think that the sudden withdrawal by the bank of the facilities it had previously shown it would give, would, if it came to a law action, render the banker liable to severe penalties for breach of contract. Now to return to the confirmed credit.

Meaning of Confirmed Bankers' Credit.

It has been said that a confirmed bank credit can have two meanings: it might mean that the bank guarantees

to the beneficiary, i.e. the drawer of the bills, that the drafts drawn under the credit shall be duly honoured; or it may mean that the London or other office of the bank merely confirms to its foreign branch or agency that it may negotiate or buy the drawer's bills. That, however, is a misconception, due to confusion among some bankers and merchants as to the exact significance of the word "Confirmed." The mere confirmation or advising of a credit through one or more banks or bank offices does not make the credit a confirmed bankers' credit, otherwise it would be possible to apply the term to practically every form of credit which is issued and advised through the intermediary of a bank. It might seem unnecessary to record this confusion in ideas, yet the author remembers hearing confirmed bankers' credits defined in the manner we have just indicated by a banker in one of the Law Courts.

Guarantee.

As a condition precedent to the opening of a confirmed bankers' credit, the banker who issues it usually requires the person on whose instructions it is opened to sign a guarantee indemnifying the bank from any loss that might arise through the bank placing its name as acceptor on the bills subsequently drawn under the credit. A specimen of such a guarantee will be found inset.

It will be noticed that under the terms of this guarantee the person signing it undertakes, in consideration of the bank issuing the credit, to provide funds for the payment of all drafts which the banker may accept when drawn upon him by the beneficiary of the credit. The guarantee also empowers the bank, in the event of funds not being forthcoming to pay the bills, to sell the goods against which they are drawn and to call upon the guarantor to make up the deficiency, if any.

When the guarantee is signed, the bank then issues the credit direct to the guarantor, or else either advises it out

to a branch of its own bank abroad; or if it does not happen to have a branch in the centre from which the goods are to be shipped, the credit will be advised through a bank which has a branch there.

Form of Confirmed Credit.

We reproduce a form of confirmed credit issued by an Australian bank, empowering exporters in Australia to draw bills upon the bank's London branch.

The variety of these confirmed credits is almost endless; some of them contain the word "confirmed" in them, others do not. The following is an example of one of the confirmed credits which is sent to a Colonial bank in London to be advised out to its foreign branches—

The A B Bank

No .....

To the C D Bank,
London.

London . ..

Dear Sirs,

We beg to inform you that a Confirmed Credit has been opened with us in favour of the E F Trading Company of Calcutta, for account of Messrs. G H & Company to the extent of £10,000, *say ten thousand pounds sterling. To be availed of by three months' drafts on this bank, to be accompanied by the following shipping documents :*

Bill of Lading, Insurance Certificate, Consular Certificate, and Invoice for a shipment/shipments of . . . .

All bills to be marked as drawn under our Confirmed Credit No . .. . *and to be endorsed on the back hereof.*

We hereby engage with the drawers as well as endorsers and bona fide holders of drafts drawn under this credit that such drafts shall meet with due honour on presentation, provided due compliance has been made with the above terms and conditions.

This credit to remain in force until ... ...

Please confirm this credit to the beneficiaries through your branch at . . . *by letter/cable.*

(*Signed*) *A B Bank,*

Manager.

The reader will observe that in this confirmed bankers' credit, the point of primary importance is that the credit takes the form of a document over the bank's signature, wherein the bank undertakes as towards drawers, endorsers, and *bona fide* holders that the drafts shall receive due honour on presentation.

Effect of Undertaking.

The effect of such an undertaking is pretty wide, and bankers, generally speaking, are fully aware of the responsibility they are taking in agreeing to such terms. Even so, there are not wanting people who seek to insist upon bankers shouldering a greater liability than is strictly right or legal. For example, it is often held that, under these confirmed bankers' credits, the banker who purchases bills on the strength of the credit has no recourse on the bills so negotiated, the argument being, we suppose, that by acting on the document signed by another bank under the clause " we hereby agree with the drawers, indorsers, and *bona fide* holders of bills drawn in compliance with the terms of this credit, that the same shall be duly honoured on presentation," the banks negotiating bills have no claim on the drawer of a bill of exchange, the latter being indemnified by this particular clause.

As far as we have been able to ascertain, this point does not seem to have been fought out in law, for the very simple reason, we imagine, that the negotiating banker would invariably claim on the banker who had issued the credit if anything went wrong, or if the latter eventually refused to accept the bills. But the case might arise of a bad failure or bankruptcy of the issuing bank and then, if the contention we have mentioned held good, the banker who had negotiated the bills might be a heavy loser in the net result.

However, what seems to have been overlooked by all parties taking their stand on this question is the Bills of Exchange Act of 1882.

Under Section 55, Sub-section 1 (*a*), of that Act, the drawer of a bill, by drawing it,

> " engages that on due presentment it shall be accepted and paid according to its tenor, and that if it be dishonoured, he will compensate the holder or any endorser who is compelled to pay it, provided that the requisite proceedings on dishonour be duly taken."

This section of the Bills of Exchange Act, therefore, clearly defines the drawer's liability. The question then arises, Can he do anything to escape from this liability? Can he contract out of it? We think he can. He may draw a bill so that the holder would have no recourse on him by including on the bill the words " without recourse "; but suppose he does not do that, it would be difficult for him to uphold a contention that he was not liable on the bill to a *bona fide* holder.

Possibly the words which one frequently sees on bills of exchange drawn under these credits, " drawn under the A B Bank's Confirmed Credit, No. ..... " might be seized upon by an astute lawyer as giving notice to the person negotiating the bills that the drawer was in some way qualifying his drawing, consequently the taker of the bill with such notice, he might argue, would be bound by it and lose his recourse on the drawer.

On the whole, the position is certainly unsatisfactory, but some bankers have recognized the contention, and the author has lately seen several confirmed credits on which there appears the words " with/without recourse on drawers "; and, of course, if the word " without " is struck out, the liability of the drawer undoubtedly remains. On the other hand, if the credit goes forth with the word " with " struck out, then persons taking bills would be accepting the liability.

Bankers accepting this risk, however, frequently insist upon the deposit of money or satisfactory security before they will open the credit, and they retain their hold on the deposit during the currency of the credit.

This question of "with or without recourse" is such a vexed one and leads to so many disputes, that several of the foreign and Colonial banks with branches abroad have lately refused to advise out to their foreign offices credits which bear the "without recourse" clause, even when requested to do so by the banks opening the credits.

Bankruptcy of Issuing Bank.

We have referred *en passant* to the possibility of the issuing bank's becoming bankrupt or going into liquidation, and it might be thought that such a contingency would cancel the contract between the bank and the grantee; but that is not so. The bankruptcy of the issuing bank does not entitle even the beneficiary to refuse to carry out his part of the contract. In some circumstances, in fact, it may be to the advantage of the bank to fulfil the contract; and there are cases on record in which the liquidator has been specially empowered by the Court to accept and to pay the bills drawn. In this connection, we may refer to another case which arose out of the failure of the Agra Bank. Under a letter of credit which that bank had issued authority was given for the drawing of bills against the deposit of bills of lading, but before the bills were drawn the failure of the bank had been announced, and the grantee treated the failure as equivalent to a breach or repudiation of the contract and made his claim accordingly. The Court held that this view was wrong and that the grantee was not entitled to recover damages as upon a breach of contract.[1]

Strict Attention to Conditions Necessary.

We reserve for a later chapter an examination of the documents attached to the bills of exchange drawn under the credits; but it should be borne in mind that banks purchasing bills drawn under confirmed bankers' credits do so on the security of the drawee bank; and if proper

[1] *In re Agra Bank, Tondeur ex parte*, 1867, 5 *Equity*, 160; *cf.* Tillyard, *Banking and Negotiable Instruments*, p. 214.

attention is paid to the terms of the credit, the risks accruing to negotiating bankers are infinitesimal. Failure to pay strict attention to the conditions laid down will, however, be fatal to the bank's success in a law action, as the following case will show.

The action in question was one between the Brazilian and Portuguese Bank and the British and American Banking Corporation. In the letter of credit which had been issued by the defendant bank, they undertook to accept bills to a certain amount upon fulfilment of various conditions, among which were these: that the bills drawn were to represent the invoice cost of coffee to be shipped from Rio de Janeiro to New York, Philadelphia, or Baltimore. Further, that all the bills of lading issued, except one which was to be forwarded by the vessel to the defendants in New York, and the one retained by the captain of the vessel, were to be sent direct to the defendant bank in London. Bills purporting to be drawn under the credit were purchased by the plaintiff bank; but, as it subsequently turned out, one of the bills had been retained by them. There was also a deviation from the conditions in the bills of lading, which stated that the vessel was bound for St. Thomas for orders, and one copy of the bill of lading had been sent to the defendants with a letter of advice stating that the coffee was shipped to St. Thomas for orders for either New York, Philadelphia, or Baltimore. The defence in the action was that the terms in the letter of credit had not been carried out. The Court agreed, and held that the conditions in the letter of credit on which the defendant bank had guaranteed to accept the bills of exchange were not fulfilled, consequently the obligation to accept had never attached.[1]

American Forms.

From a consideration of this case, it will be plain to

[1] 1868: 18 *Law Times*, p. 823.; *cf.* Heber Hart, *Law of Banking*, p. 551 *et seq.*

the reader that no deviation, however trifling, from the terms of the credit should be permitted without reference to the issue of the credit. A warning note to this effect is sometimes incorporated in these letters of credit; and, in order to make the position quite clear, we give, facing this page, a further example of a Confirmed Export Credit. It is one in use by the Irving National Bank, which institution has taken a great deal of trouble in order to get these forms correct; and, as the reader will observe, the specimen we reproduce is more than ordinarily complete. The reader's attention is also called to the details on the back of this form: they are mainly the result of regulations adopted by the New York Bankers' Commercial Credit Conference in 1920, to which we shall refer at a later stage.

The American view is that a confirmed credit, also called an irrevocable credit, is one that cannot be cancelled without the mutual consent of the buyer and the seller; and when the American bank has notified the seller that such a credit is established in his favour, it is held responsible for payment if the terms of the credit are properly carried out. As a matter of fact, an American writer, Mr. W. Ward, goes even further; he states that the American view is that a confirmed credit must of necessity be irrevocable on the part of the opening bank, in order to make the confirmation by the notifying bank the effective protection the beneficiary seeks.[1]

The American understanding of an unconfirmed credit is also instructive. They hold that an unconfirmed credit is an instruction to a bank in the United States to honour drafts drawn by a designated exporter to a specified amount, unless and until the bank receives notice of cancellation from the foreign importer.

Like the letters of credit issued by British banks, American letters of credit invariably give detailed instructions for the guidance of the negotiating bank, and sound

[1] *American Commercial Credits*, page 75.

banking practice calls for the strict observance of these conditions. The documents to be delivered with the bills are carefully enumerated and, when time or usance bills are provided for, the credit states the period for which they are to run.

A copy of what the Irving National Bank considers an Unconfirmed Export Credit will be found facing this page. The terms in it seem to place beyond all question that it is merely for the exporter's guidance in preparing documents, and conveys no engagement on the part of the bank. It is also clearly pointed out that the bank have *no* instructions to confirm the credit.

The American banks have a useful custom of keeping a copy of each credit, on the one side of which is the credit and on the reverse side a ruling for keeping account of the drafts drawn and honoured. Inset we give a copy of the reverse side of the bank's form.

Expiry Date.

It might be worth while calling special attention to the expiry date in these credits. In most of the forms to which we have referred, there is an expiry date; but in unconfirmed credits there appears to be little use in fixing a date of expiration, as it may be cancelled without the shipper's consent.

Reference to this question of expiry date has been made in the *Journal of the Institute of Bankers*, London,[1] from which it would appear that a credit was opened on terms which included the condition "provided such drafts are negotiated within twelve months from 9th April, 1918." On the 9th April, 1919, a draft drawn under the credit was negotiated, but was refused payment by the drawee on the ground that the credit had expired. As the Institute of Bankers pointed out, there seems no direct authority on the point; but counsel for the bank which negotiated the draft advised that the credit was in force

[1] Vol. xli, p. 117.

until the close of business on 9th April, 1919; and the drawee, it was reported, eventually acquiesced in this view.

Opinion of Merchants.

Needless to say, the fact that there is some difference of opinion among bankers and commercial men as to the exact significance of these Confirmed Credits has not passed unnoticed in the commercial world; and as it is always best to discuss both sides of the case, we shall not spend our time in vain if we see what is the opinion of the merchants on this matter.

We quote from an article which appeared in the *Shipping News*, of Sydney, New South Wales, on 1st October, 1919. It was subsequently summarized and commented upon in the *Journal of the Institute of Bankers*, London, in February, 1920—

"Among other troubles," says the article, "which overwhelmed business men interested in export trade when the peace slump came was the cancellation of confirmed bank credits. Anticipating heavy falls in prices—many of which anticipations were not realized, by the way—buyers cabled instructions to cancel orders and stop shipments, and some cancelled their confirmed bank credits. The unfortunate exporter who had placed his client's orders, and perhaps had the goods all ready for shipment, found himself in a very awkward corner, and protested vigorously. Trouble has developed over this question in many parts of the world, and there seems to be considerable differences of opinion as to the real position of the various parties interested in such transactions, and more especially as to the responsibilities of the banks concerned.

"A legal opinion given in New York declared that confirmation of a credit by a bank is subject to the willingness of the party issuing it to continue the credit, and that if the party cancels, the bank is in no way responsible. On the other hand, a South African legal

opinion gave it that the bank was liable for all transactions entered into within the amount and during the term stipulated, otherwise there would be no reason for fixing these limitations so definitely. A bank in San Francisco recently intimated that a confirmed credit had been cancelled, adding that it would refuse to pay on any goods shipped after the end of the month, even though the bills of lading might be dated during that month. As the result of protest, the bank eventually agreed to extend the cancelled credit to the end of the following month.

"These various disputes have had a rather unsettling effect upon men interested in export business, for the general idea that a confirmed bank credit is irrevocable has been somewhat shaken, and the exporter feels he has no satisfactory security for the expenses he incurs on behalf of his client overseas. With the probability of new business connections abroad being made by Australian business houses in the near future, it would be well to arrive at some definite understanding on this matter of confirmed credits. The position of the bank as intermediary between a buyer on one side of the world and a seller on the other, is a very important and respons ble one; for a consideration the bank protects the interests of both parties; and if there is any doubt as to the responsibility of the bank in regard to the validity of confirmed credits, it should be cleared up without delay.

"Looking at the situation as a plain business proposition, leaving the legal aspect—which obviously varies in different countries—out of consideration entirely, there seems to be no doubt that the holder of a letter of credit is within his rights in demanding payment within the amount and time specified. An eminent English authority has said that British judicial rulings seem to uphold the contention 'that even if notice of cancellation has been sent and received, the bank remains under obligation to accept bills drawn upon it if the exporter elects still to

draw. In other words, until both parties concerned have notified the bank that the confirmed credit has been revoked, the bank is bound to meet demands made by the drawer, in spite of the importer's instructions to cancel the credit. It is clear that if this were not the case, the exporter would be always at a serious disadvantage, since he would not know from one day to another whether the man at the other end was standing to his contract. Since there has been considerable annoyance and inconvenience in various parts of the world over this matter, Australian business men may be advised to satisfy themselves as to the validity of confirmed bank credits in the circumstance, mentioned before entering upon business relations with parties in other parts of the world who are not known to them."

It will be useful to record what the *Journal of the Institute of Bankers*, London, has to say on this subject. It says—

" Before entering upon any discussion of the complaints of the *Shipping News*, it is advisable to get a clear idea of what is meant by a confirmed credit.' It is a term which is of comparatively recent origin, and has no sanction beyond common mercantile usage."

It depends, of course, upon what the *Journal of the Institute of Bankers* regard as " comparatively recent " ; for, in the author's experience, these confirmed bankers' credits have been in constant use among foreign and Colonial banks for the past twenty or thirty years, if not longer. However, the writer goes on to state that it is taken to " mean a credit in which, or in connection with which, there is a definite and unqualified undertaking by the bank, communicated to the person in whose favour the credit is issued, to accept drafts drawn under the terms of the credit and within the limits of the amount and date therein specified." Without such an undertaking, the document is not a " confirmed credit in the usual sense of the term."

"There is no doubt that the bank opening a confirmed credit, if it were an English bank, would, apart from all questions of legal obligation, require very strong reasons indeed before refusing to accept or pay any drafts which were within the terms of the credit. A vendor stipulates for a confirmed credit, because he desires an assurance that he shall receive due and prompt payment, and he stipulates for such a credit to be opened by a London bank because he knows he can without difficulty negotiate drafts on such a bank, if it is of good standing. The possession of such a credit, in fact, inspires, and is intended to inspire, confidence on the part of all to whom it may be shown. Knowing all this, as the banker cannot fail to do, it is obvious that to refuse to accept or pay drafts drawn under the credit would be a most impolitic act on the banker's part, and one which might seriously injure the reputation of the bank, about which every banker is naturally very jealous. It is true that the banker might find it advisable in certain circumstances, and in the interests of the holder, to decline to pay pending the receipt of certain assurances, as, for instance, when there was ground for suspicion that the draft was in wrong hands. But if the bank accepted instructions to revoke a confirmed credit and dishonoured drafts drawn under its terms, it would place itself in a position involving a liability to be sued by a person who had negotiated drafts on the strength of the credit, an intolerable position for any reputable bank. It must be remembered that there can be no certainty that a notice of revocation will reach every party to whom the credit may have been exhibited, or that it will be acted upon if it does reach them."

A Legal Decision Considered.

In regard to the legal obligations of the banker, the same authority quotes a recent decision of the Court of Appeal as a guide. The decision in question was that in

Panoutsos v. *Raymond Hadley Corporation of New York.* It concerned a contract made in London under which the seller agreed to ship wheat to Greece, payment to be made " by confirmed bankers' credit." The credit opened by a New York Bank contained this stipulation—

" In advising you that this credit has been opened, we are acting merely as agents for our foreign correspondents, and cannot assume any responsibility for its continuance."

The ground on which the sellers sought to set aside the contract was that a credit containing this clause was not a " confirmed bankers' credit " as stipulated. The matter was referred to arbitration, and the arbitrator's finding was that such a credit was not irrevocable and was therefore not a confirmed credit. Eventually the case came before the English Courts, and in both the King's Bench and the Court of Appeal the finding of the arbitrators—that the credit was not a confirmed bankers' credit because it was not irrevocable—was accepted and, so far as the reports go, was not even disputed.

In view of the diverse opinions that exist, then, the reader will agree that the only sure method in these matters is to have it clearly stated on the credit that it is irrevocable unless with the written consent of the beneficiary.

As a matter of interest, we may say that the Panoutsos case (*vide Mr. Justice Bailhache in Cape Asbestos Company* v. *Lloyds Bank*) is authority for this proposition: that where an act has to be done by the buyer of goods, as for instance, the opening of an established credit, and he either does not open a credit, or does not open an established credit, and the seller of goods goes on delivering with knowledge of the fact, that seller cannot suddenly stop shipping goods on the plea that the buyer had not opened a credit, or an established credit which he was bound to open. In such a case, if he wishes to stop deliveries, he must give notice to the buyer and give him an opportunity of putting himself right.

The All British Bank, Limited

WHEN REPLYING PLEASE QUOTE INWARD CREDITS No. .....

LONDON, ... 19....

This credit expires on the .....

CONFIRMED CREDIT.

No. . . . (which please quote).

Dear Sirs,

We have been requested to confirm to you that for account of ..... *we have opened a credit in your favour at* ..... *sight for the sum of £*.... *against delivery of the following documents, viz. :*

(1) *Full set Bills of Lading in name of* .....),
(2) *Invoice,* (3) *Certificate of Origin,*
(4) *Marine and War Risk Insurance Policies, and*
(5) .....
covering a shipment of .....
at a price of .....
shipped from .....
per Steamship .....
to ..... *before* .....

We undertake to honour all drafts drawn within the terms of the above credit.

We are, Dear Sirs,

Yours faithfully,

COUNTERSIGNED.

THE ALL BRITISH BANK.

Manager.

Two Excellent Forms.

As a last word on this subject of Confirmed and Unconfirmed Credits, we reproduce two excellent forms in use by one of the London joint stock banks. They are, it will be observed, documents which are handed direct to the beneficiary; and although the confirmed credit does not contain the word "irrevocable," there is no ambiguity about it; consequently, an exporter working under it would be in no danger of its being cancelled so long as he fulfilled the terms and conditions of the credit. A good point about this Confirmed Credit is that

The All British Bank, Limited

LONDON, 19....

....

....

UNCONFIRMED CREDIT.

No. ..... (which please quote).

Dear Sirs,

We have been requested to open a credit in your favour at ..... sight for account of..... for the sum of ..... against delivery of the following documents, viz. :
(1) *Full set Bills of Lading (in name of.. . .....),*
(2) *Invoice,* (3) *Certificate of Origin,*
(4) *Marine and War Risk Insurance Policies, and*
(5) . . .. *covering a shipment of..... . . .. at a price of .. .. shipped from. .... to .... per ss. "..... . ..."*

This credit expires on the.....

It must be understood that this letter is for your guidance only in preparing documents and conveys no engagement on the part of the Bank, as we have no instructions to confirm the credit to you.

We are, Dear Sirs,

Yours faithfully,

it is not overburdened with details, a consideration which doubtless commends itself to third parties, the negotiating bankers through whom such credits are sent to foreign clients or importers.

The specimen of an Unconfirmed Credit is also clear from ambiguity; the words "Unconfirmed Credit" are shown in block capitals, and in view of the last clause contained in the credit—

It must be understood that this letter is for your guidance only in preparing documents and conveys no engagement on the part of the Bank, as we have no instructions to confirm the credit to you,

the whole of which, it will be noticed, is not only printed in italics, but also underlined, it would, we think,

be difficult to make the bank liable should any trouble arise either concerning revocation by the importer, or refusal to accept bills. The beneficiary takes the credit with full notice of its limitations, and he could not claim that he took such a credit in ignorance of its scope.

CHAPTER VII

" We are content to take this on your credit."—HOOKER.

CLEAN CREDITS—MARGINAL CREDITS—DOCUMENTARY CREDITS—CABLE CREDITS—PACKING CREDITS

Clean or Open Credits.

SEVERAL of the credits which we have discussed in the early chapters of this book are what are known as Clean (or Open) Credits. This name is frequently used as applying to all credits in which the drafts drawn are to be accepted without documents of title to goods or other security attached, and it is often thought that such credits are not concerned in any way with shipments, all of which goes to show that to the uninitiated the name is no clue to the real nature of the credit. It is true that the name is derived from the fact that the bills are drawn without documents in any shape or form being attached; in other words, absolutely clean. But clean credits are constantly opened by firms abroad in favour of shippers or merchants in this country, or, conversely, may be opened by importers in England in favour of foreign exporters. Let us suppose the credit is opened from this side; on application being made to the banker, he gives the person requiring the credit to be opened a form to sign. This document is drawn up as follows—

CLEAN CREDIT, No.....

(Address).. . ..

....

To the Manager, (Date) .. ..

The Overseas Bank,

LONDON.

Dear Sir,

Being desirous of opening a Clean Credit with your bank in favour of M..... .... of ... .. .

to the extent of £..... .... (pounds sterling),

to be availed of by his/their draft or drafts on me/us at a usance not exceeding .. .. after sight, and in consideration of such draft or drafts being negotiated by your bank or agents at .. . .I/we hereby engage duly to accept and to pay the same at maturity, provided they shall not exceed in the aggregate the sum of..... ....pounds sterling, as aforesaid, and provided such draft or drafts be so negotiated within .. ..calendar months from date hereof.

Yours faithfully,
A. B.

These forms are sometimes signed by London bankers, who, having agreed with their clients to accept the bills, pass them through the foreign and Colonial banks to be advised out to their foreign branches, who, in turn, advise the beneficiaries; but, more frequently, the forms may be said to be signed by importers who wish to give the foreign or Colonial bank the necessary authority to purchase the exporter's bills drawn on the London importer.

Clean credits are usually made available only for a limited period, often not exceeding six months; and in such circumstances, the banker, it need hardly be said, must not permit the beneficiary to draw bills after the expiry date mentioned in the credit.

In most cases, drafts drawn under these clean credits represent *bona fide* shipments, the documents of title to which, for some reason or other, have been sent direct to the consignees. In some cases, however, it has become manifest to the banks that the clean bills are drawn by persons or firms speculating in exchange, and for this reason banks opening the credits exercise a wide discretion in granting clean credit facilities. The risks involved are obvious; if for any reason the drawee does not accept or pay the bills in accordance with the undertaking he has signed, there is no security in the shape of documents of title to goods for the bank to fall back

upon, and the only remedy then is to seek out the drawer of the bills and endeavour to obtain repayment of the amount advanced—often a difficult and unsatisfactory task in foreign countries. Clean credits are, therefore, only advised by bankers for firms of high financial standing; where a banker has any doubts about the parties to the credit, he insists upon a margin in the shape of cash or securities being deposited with him, and not infrequently he protects himself by securing a suitable guarantee from a third party.

Marginal Letters of Credit.

A form of credit seldom seen nowadays is that known as a Marginal Letter of Credit. It is so-called because in the margin of the credit there is usually shown, printed in blank, the form of the bill or bills of exchange to be drawn under the authority so given.

A very good illustration of this particular credit came to light in the case of *Maitland* v. *Chartered Mercantile Bank of India, London, and China.* The credit was in the form shown on page 82.

The form of the credit is self-explanatory; but, curiously enough, the apparent intention of the National Bank of Scotland to restrict the drawing of the bill to Fletcher & Co., was not operative against a *bona fide* holder for value. In an action brought by Maitland, Vice-Chancellor James held that he, being a *bona fide* holder of the draft drawn on the authority of this Letter of Credit, had a right of action against the Bank upon their refusal to accept the bill. Further, he said that an arrangement between the beneficiary and his surety restricting the right of the former to draw the bill, did not affect the position of a *bona fide* holder for value, even although such an arrangement might have been usual in such circumstances.

This decision emphasizes the contention that a person who acts upon a letter of credit in accordance with the

intention of the issuer of the letter is entitled to rely upon it, although the letter of credit is not, in terms addressed to him, or to people in general. This may seem hard

No. 39.

CREDIT for £2,000 Sterling.

DUPLICATE : 4907.

NATIONAL BANK OF SCOTLAND,

Edinburgh,

24th June, 1864.

To Messrs. Fletcher & Co.,
China.

I hereby, for the National Bank of Scotland, authorize you to draw the annexed bill of exchange at six months' sight for two thousand pounds sterling on Messrs. Glyn & Co., Bankers, in London, who will honour same in conformity with its tenour, if presented, along with this Letter of Credit, within one year from this date.

(*Signed*) *Thomas Anderson,*
Secretary ;
Jno. J. Shearer,
p. Manager.

First of Exchange for £2,000 Sterling, No. 39/4907 *F.*

(Place and date of drawing)
Shanghai,

5th April, 1865.

SIX MONTHS after sight pay first of exchange (second of same tenour and date not being accepted or paid), to our order, the sum of two thousand pounds sterling, which charge to the National Bank of Scotland, as per annexed Letter of Credit.

To Messrs. Glyn & Co.,
Bankers, London.

(Drawer signs here)

Fletcher & Co.

upon bankers, but it shows very clearly that the Courts are inclined rigidly to safeguard the rights of third parties to enforce payment of the bills they negotiate on the authority of the letter of credit.

Documentary Credits.

We now come to a consideration of that troublesome document called a Documentary Credit. Strictly speaking, all credits which call for the acceptance of bills of

exchange against documents of title to goods are documentary credits. One of the standard works on banking law, in fact, defines a documentary credit as one in which the banker engages to accept drafts against documents of title to goods, the letter of credit stating the particulars of the merchandise in respect of which the bills are to be drawn, it being customary to present the draft for acceptance with the bills of lading, invoice and insurance policy attached.[1]

Rather strangely, however, banking practice among the exchange banks, at any rate, seems to reserve the term "Documentary Credit" to describe a mere authorization for an exporter to draw bills upon an importer, the latter being the acceptor, and the bank the intermediary through which the bills are passed, although, it must be admitted, the negotiating banks often advance on the bills, or buy them outright on the strength of this authority.

In the opinion of the present writer, the documentary credit is merely a variation of an unconfirmed credit, with this difference, that in the case of the documentary credit it is usually a mercantile firm or the importer which accepts the bills, not the bank. There is no undertaking on the part of the bank to stand in the position of the drawee, and no undertaking is given by the bank that it will give its acceptance to the bills drawn. Obviously, this credit is not a "confirmed credit" in the usual sense of the term; indeed, some people term it an "advised credit," which admittedly falls short, far short, of being a confirmed bankers' credit. The banker "advises" it at the request of a third party, and the terms of the advice sent are usually worded in such a way as to draw attention to the limited nature of the bank's authority. Sometimes these credits are advised out by the foreign and Colonial banks to their foreign branches at the request of London banks; in other cases the foreign and Colonial banks advise them out at the request of the importers.

[1] Heber Hart, *Law of Banking*.

Opening a Credit.

What we have said in connection with unconfirmed credits covers fully the details dealing with the passing of such credits through the foreign banks by London joint stock banks, but there remains the question of what happens where the foreign and Colonial banks deal, as they very often do, direct with the importers. In such circumstances, the importer will approach the foreign or Colonial bank, either here or abroad, according to which side is shipping and, having acquainted the bank with his desire to open the credit, he will be handed a form to sign. The form will be somewhat on these lines—

Documentary Credit, No ..

(Address).... ... ...

(Date) ....

To the World Wide Bank,
London.

Dear Sirs,

Please open a documentary credit with your bank at... .. . *in favour of M* . . *of* . ... *for the sum of* . .. . . . *pounds sterling, to be availed of by his/their drafts or drafts on me/us at a usance not exceeding* . . .. *after sight. Drafts to be accompanied by shipping documents for the following merchandise, viz* . . ..

In consideration of your bank at . . . . *negotiating such draft or drafts, I/we hereby engage duly to accept and pay the same at maturity, provided they shall not exceed in the aggregate the sum of* .. ... *pounds sterling, as aforesaid, and provided such draft or drafts be so negotiated within*.. .. . ... *calendar months from the date hereof, I/we authorise you to hold the above-mentioned documents against payment of such draft or drafts*

Marine insurance is to be effected by the drawers as customary, but in the event of marine insurance policies not accompanying the said draft or drafts, I/We further engage that marine insurance

shall be effected on the shipments to the full value thereof; such insurance to ensure for your benefit by deposit with you of the policies or otherwise to your satisfaction, and in case of default, you are at liberty to effect insurance thereon, and I/we hereby engage to repay you the premia and expenses connected therewith.

(*Signed*) .. .. *A. B.* .....

From a consideration of the terms of this form signed by the importer, it will be plain to the reader that this so-called documentary credit involves the acceptance of a bill or bills by third parties, and consequently it negatives any question of the bank itself being the acceptor. For further enlightenment, we may trace the transaction a step further; let us see what happens after the importer signs this form.

On the assumption that the banker is satisfied with the proposed business, he either cables or sends by mail details of the importer's request to his foreign branch manager. When the latter receives it, he, in turn, writes to the exporter a letter something like this—

WORLD WIDE BANK,

(Address) ... .

....

(Date) . . . ..

Messrs. A B and Co.,
Blanktown.

Dear Sirs,

We are instructed by our London branch to purchase, as offered, your documentary bills drawn on three months' sight on John Brown, London, to the extent of ....pounds sterling, for the invoice cost of..... .. ..(merchandise) to be shipped to that port.

To your bills must be attached full sets of bills of lading, made out "to order," blank endorsed and marked by the shipping company "freight paid" (bills of lading marked "received for

shipment" will not be accepted), together with invoice and policy of insurance, all duly hypothecated to this bank, against payment of your bills.

Please note that this is not to be considered as a BANK CREDIT, and it does not relieve you from the liability usually attaching to the drawer of a bill of exchange, also that it is to be considered to be open for a period not exceeding . . . . months from . ...

We reserve the right of cancellation upon our giving you notice of our intention so to do.

Yours faithfully,

.. . . C. D. .. Manager.

On receipt of such a notification, it is open to the exporter either to accept the conditions so clearly set out, or to notify the importer that the method of finance is unsatisfactory. If he does so accept, he clearly cannot complain if the authorization is subsequently cancelled, though it is to be presumed a banker would not, as a general rule, revoke such an undertaking except on the express request of the importer on whose authority the credit was opened.

An instance came under the author's notice in which a bank had merely intimated that they were prepared to buy the exporter's bills against certain shipments, provided they were marked as drawn under "Documentary L/C." The bank gave notice of cancellation of the credit, and the exporter objected. Thereupon the bank consulted counsel, and he advised that the bank must negotiate bills to the value of the work in hand at the time of notice of withdrawal of the credit.

In the circumstances, the writer has always regarded the term "documentary credit," when used in connection with these financial facilities to be a misnomer. It surely is more correct to record it as an authorization to the banker to make advances to the exporter on his bills, or authority to purchase the bills as offered, on the joint

responsibility of the importer and exporter, backed by the security of the goods, documents of title to which the banker receives when he negotiates the bills of exchange.

There is a further point. When the banks send these advices out to their foreign branches, it is not usual to give a direct order to negotiate the bills: often the form of request sent out by mail or by cable reads: "You *may* purchase the bills of So-and-so," not "you *must* purchase the bills of So-and-so." The distinction is important. It leaves a wide discretion to the man on the spot, who, after all, is in the best position to know when the bank is safe in making advances on the goods exported. It is not inconceivable that he might have local knowledge that the exporter drawing is not to be trusted, or that his exports represent speculative merchandise. In fact, he may have cognizance of numerous disabilities of which both the importer on this side and the London branch of the bank are ignorant, consequently it is his duty to protect the interests of all parties, and not infrequently bankers in such cases refrain from passing on the advice sent out.

It may seem unnecessary to reiterate, that in the case of the documentary credit, or "authority to purchase," as it is frequently termed by bankers, no obligation rests on the banker at the foreign centre, to purchase or to make advances on exporter's bills. Neither is there in general any obligation on the exporter to confine the offering of his bills to one particular bank. The real object of the banker in issuing or advising such credits to a foreign branch of the bank, is, of course, to obtain the resulting exchange profit on the negotiation of the bills. But in practice it will be found that exporters frequently hawk their bills around on a foreign centre in the hope of being able to obtain a better rate of exchange.

Where the bank abroad does act on the authority given, and the exporter confines the sale of his bills to that bank, he has the advantage of being able to obtain payment for

his goods as soon as they are ready for shipment; and although he is not freed from the liability of a drawer until the bills of exchange drawn are accepted and paid, in normal times a great deal of business on these terms is carried out without the slightest hitch.

Methods of the Banks.

There are, necessarily, certain risks attaching to bankers' negotiation of bills under documentary credits, and more or less stringent safeguards are adopted to minimize the possibility of loss. It will be understood that it is impossible in these pages to discuss the methods of every bank; so many different schemes are in operation that it is only possible to give the general principles of the business. However, it may be said that in documentary credit business, some of the banks require the exporter himself to sign a letter hypothecating his goods to the bank as security for payment of the bills of exchange, while others bind the importer. Different methods are followed in different countries; and as showing the general practice, we give inset a specimen of a Guarantee for a Credit which an Australian Bank requires the importer in Australia to sign before authorizing its London branch to purchase a London exporter's bills.

Other banks require the signature of the exporter to a Letter of Hypothecation; and in some cases, to save him the trouble of signing a letter to accompany each bill, the bank will take what is called a General or "Blanket" Letter of Hypothecation. Just as the blanket is supposed to cover the whole of one's person in bed, so, when signed, will the Blanket Letter of Hypothecation cover the whole series of transactions contemplated and authorized by the documentary credit arranged for him by the importer.

The form inset is that in use in Canada, and, as will be seen, its terms give the bank full power to deal with the goods in case of default, or to claim upon the drawer for any deficiency that may arise on the transaction.

When such a letter as this is signed, the necessity for a separate one to be attached to every bill drawn, as we have said, is obviated ; it also saves the signing of duplicates to attach to duplicate bills of exchange ; but, very often, when only one bill is to be drawn under the authorization, a form of hypothecation would accompany the bill, drawn on lines similar to the specimen we reproduce in close proximity hereto.

Cable Credits.

This term may be applied to all credits in which details are cabled out to foreign centres to the beneficiaries. The system of cabling credits is used extensively in business with India, China, and the Far East. Probably the best description of the business was that which emanated in the course of judgments in a case before the Master of the Rolls, Lord Justice Atkin and Lord Justice Sargant in the Supreme Court of Judicature (Court of Appeal) on 7th April, 1925. The parties concerned were the *International Banking Corporation* v. *Barclays Bank and another.* The case turned upon a transaction conducted in the East in respect of a cable credit issued by Barclays Bank in London, and, as Lord Justice Atkin said, it gave rise to interesting questions as to the legal results which arise when such a credit is created in England for use in the East. In the course of his remarks Lord Justice Atkin pointed out that " it may be said that the law relating to such transactions is not at the present moment so crystallized that it is not dependent upon proof of custom." In any case it is plain that it is emphatically the kind of transaction where commercial usage when proved will eventually determine the legal rights between the parties, and in this case there was quite definite evidence of commercial usage when letters of credit such as were issued are to be used in the commercial market in the East.

The effect of the evidence of custom in relation to the credit in question was that such credits may be revocable

or irrevocable. If they are irrevocable when they are issued and when they are cabled out, they are certified by the bank to which they are cabled, and that bank is the person who is responsible for the fact that the English Bank in fact issued such a credit, because in a cabled credit there would be no guarantee of genuineness unless it came from one bank to another, the two banks having means of checking the genuineness of transactions that pass between them. If the credit is an irrevocable one, it then is available for any bank that chooses to act upon it in the place where it is issued.

In the case to which we have referred, there was also some question as to whether the credit was merely available to the person to whom it was addressed in that place so long as he was in the place, or whether it was available to any bank in that place, but, as Lord Justice Atkin rightly pointed out, it comes to very much the same thing, and in this case, as it happened, there was no difference. The reason is this: that though no doubt in the first instance if an English bank asks a bank that has branches in the East to communicate the fact of a credit's having been opened to the customer in the East, it is probably contemplated that the bank's correspondent in the East will be the person who will negotiate the bills that are drawn upon the English bank, yet it may not be convenient for the bank to negotiate bills on England, or, as very often happens, the rate of exchange which it quotes is not so favourable as the rate offered by another bank in the same town, and in practice it is generally found that the beneficiaries are keen bargainers in the matter of exchange rates. The result is, that in the East such letters or credit are available, and may be utilized with any bank in the particular place where the credit is in fact communicated. On the other hand, if the credit is a revocable credit, that is, subject to cancellation, then the bills can only be negotiated through a correspondent of the English bank which happens to be employed for the purpose of announcing the existence of

the credit, and that is for the simple reason that it is only in that way that the revocable nature of the credit cabled can be enforced. Finally, Lord Justice Atkin, emphasized the fact which quite plainly emerges, that a credit so announced is irrevocable unless it appears upon the face of it that it is revocable. In other words, if a cable credit is revocable, it must be " domiciled " at a particular place and bank to which notice of revocation can be sent.

Lord Justice Sargant's interpretation was similar. With regard to bank cabled credits he said " First, such credits are useless unless communicated, and, in effect, certified, by a bank at the port to which advice of the credit has been sent, for banks have special means of verification which are not open to the beneficiary of a cable credit or those with whom he deals. Secondly, as a general rule, and in the absence of indications to the contrary, such cable credits are irrevocable, and a beneficiary can negotiate bills drawn under such a credit, or make the credit available, not only through the advising and certifying bank, but through any other bank at the same port. Thirdly, if a cable credit is expressed to be revocable, that is sufficient indication to the contrary to exclude the general rule, and such a cable credit is domiciled with and only available through the advised and certifying bank; since otherwise there would be no means by which the credit could be effectually revoked by the advised bank."

The point of importance to banks, and in fact to all who have dealings in connection with these credits is, that there should be no dubiety about the terms of the credits; if they are to be revocable that fact must be clearly stated in the credit, and care exercised by the negotiating banks to ascertain the fact and to see that they comply with the terms of the credit in every respect.

Packing Credits.

Before closing this chapter, mention might also be made of what are called Packing Credits. Strictly speaking,

this term is also a misnomer, since it really does not refer to the credit but to the advances made on the strength of a credit. Bankers abroad render effective services to reliable merchants and trading concerns by making advances to enable them to purchase raw materials up country in backward areas, or in districts not served by banks. These materials must then be assembled and packed for export. As a matter of fact, in recent years there has been a great increase in the use of packing credits now that their advantages are realized. The advances are also made by bankers against goods in course of preparation for shipment, or against crops to be harvested at a future date. Prior to the system becoming recognized, bankers abroad often made the advances on their own responsibility, knowing that when the produce was ready for shipment, they would be the banks to handle the bills covering the exports and so recoup themselves for the funds advanced. Nowadays the business is on a more satisfactory basis, and credits often provide for both the advances and the negotiation of the bills subsequently drawn. When a packing credit is issued the advances are made to the beneficiary of the letter of credit on the strength of that instrument's having been provided by a bank or finance house to cover the drawing of certain documentary drafts by which shipments of the goods or commodities are to be financed. When one of these credits is issued for future shipments, bankers in foreign centres are often empowered to make advances prior to the drafts being drawn; for example, in places like Siam or Burmah, in which purchases of rice are made, the relative finance often runs into many hundreds of thousands of pounds sterling; and the buyers of the rice are sometimes occupied months before the commodity is shipped in making purchases up-country and getting it sent down to the sea-board, where it is probably warehoused awaiting shipment. In fact, vessels are often chartered from other centres and sent over for the express purpose of carrying the grain. As we have indicated, these

packing credits are frequently sent out from the United Kingdom for the direct purpose of enabling the banks abroad to make advances for the purchase and assemblage of raw materials. There is obviously a period of waiting, and once the credit is issued and its contents communicated to the rice dealer or other person, the bankers are able to settle exchange and to make advances against the goods, well knowing that the relative drafts and documents will be forthcoming in due course.

The risk in the business is seen where the banker makes up-country advances without the consent of the bank that has issued the credit. Obviously he gets no protection under the letter of credit, unless that document specially authorizes the granting of advances in the manner indicated. Then in view of the difficulties that have cropped up from time to time in the matter of cancellation, it seems clear that both for their own protection and for their clients' negotiating bankers should insist upon the credits being made irrevocable.

Terms of Credit.

Particular attention, too, must be paid to the terms of the credit, any deviation from which, whether the credit is irrevocable or not, may involve the banker in serious loss. In this connection, we may refer to the case of the *Chartered Bank of India, Australia, and China* v. *Macfadyen & Co.* There was a condition included in the letter of credit issued to the beneficiaries, Knowles & Co., in that case which made the purchase of and payment for certain produce a condition precedent to the negotiation of bills under the credit. The plaintiff bankers negotiated bills without this condition being fulfilled. Those bills the defendants refused to accept; an action resulted, and Lord Justice Mathew upheld the defendant's contention that, before being entitled to draw on them, Knowles & Co. must have bought and paid for the produce. Consequently, although the plaintiff bank

had been misled in discounting the bills, they were debarred from recovering their amount from Macfadyen & Co., as no goods had been bought and paid for.[1]

It may seem hard that arising out of this case the negotiating banker has yet another obligation forced upon him; yet it is at least satisfactory to note that his responsibility is, as the result of this case, lessened in another direction. The bills, as we have stated, were drawn by the exporter, although he had not actually bought the produce. That being so, Macfadyen & Co. sought to make the negotiating bank responsible for the omission. The Court, however, would not accept this contention; they held that the "mere presentation of the bills by the plaintiffs (the negotiating bankers) to the defendants (the issuers of the credit) for acceptance did not amount to a warranty or representation by the plaintiffs that produce had been bought and paid for."

There is also the case of the *Union Bank of Canada* v. *Cole*, in which a document something of the nature of a packing credit was involved. Among other terms, the credit contained these words—

". . . when goods have been shipped under the credit, you may draw bills against the shipping documents and we will accept them. When the goods are not shipped, on giving us the security of the wheat in respect of which you wish to make disbursements, you may also draw bills, without attaching them to the shipping documents. But in that case we shall still have the security of the grain to be shipped, for in the meantime, the property thus represented is to be held in trust for the givers of the credit as collateral security."

Subsequently, the beneficiary drew a bill on the security of wheat which did not actually come within the terms of the credit; the bill was negotiated by a person who, having knowledge of the conditions of the credit, was held to be aware of their non-fulfilment and, when the bill arrived in London, acceptance was refused by the

[1] *Chartered Bank of India, Australia and China* v. *Macfadyen & Co.*, 1 "Commercial Cases," 1.

issuing bank. An action followed, and among other things the Court found that there was no liability to accept the bills unless it could be shown that such of the conditions as could possibly have been fulfilled when the negotiation took place had then been fulfilled.[1]

Two examples of credits that may be used as packing credits are inset. It will be noticed that in the one case the authority to make advances is printed in red, and for this reason the credits are said to contain " the red clause."

In the other case, the red clause takes the form of a separate memorandum attached to the credit. These credits are largely used in the finance of exports from South Africa, Australia, and New Zealand.

[1] *Union Bank of Canada* v. *Cole*, 1877, 47, *Law Journal*, " Common Pleas," 100.

CHAPTER VIII

" He traded largely ; his credit on the Exchange of London stood high."—MACAULAY.

LONDON ACCEPTANCE CREDITS—OMNIBUS CREDITS —REVOLVING CREDITS—EXTENDED CREDITS— PAYMENT ON RECEIPT CREDIT—PAYMENT AGAINST DOCUMENTS CREDIT

London Acceptance Credits.

THE London offices of some of the foreign and Colonial banks facilitate the financial requirements of first-class clients by granting what is called a " London Acceptance Credit."

This credit is a variation of a Confirmed Bankers' Credit, only in this case, when the facility is made available, the bills are drawn and accepted in London ; they are not drawn from foreign centres on London. A credit of this nature is more particularly used where exporters are consigning goods to a foreign branch of their own firm, although it may be also used if the goods are consigned for sale to agents.

There is no special form in use for opening these acceptance credits ; the matter is frequently arranged by the exchange of letters between the bank and the person requiring the accommodation ; and, after the preliminary details have been settled, the bank simply confirms to the exporter that he may draw bills up to a specified limit and within a prescribed time on the banker in London, who guarantees to accept the bills. Sometimes the credit may be made revolving, that is to say, the limit up to which a firm may draw might be fixed at, say, £100,000, and then as soon as the bill or bills have run off, a further bill or bills may be drawn on the banker until the limit named is again reached.

When the goods are ready for shipment, the exporter draws his bill of exchange on the bank, attaches to it the requisite shipping documents, and presents the complete set to the banker. The bill will be, say, at three months' sight; when it is received by the banker, he detaches it from the shipping documents, accepts the bill, and returns it to the drawer, i.e. the exporter.

The shipping documents are subsequently forwarded by the banker to his own branch abroad for delivery to the consignee.

A small commission is charged for this service, usually about 2 per cent per annum on the amount of the bills, and the accepting commission is paid to the bank in London as each bill is drawn.

In return for this facility, the exporter hypothecates to the banker the goods he ships. As a matter of fact, he signs a letter of hypothecation giving the banker a lien over the shipment as security for the amount of the bill the banker has accepted, and it is usual in the case of these acceptance credits to require a separate letter of hypothecation to be sent in with each bill drawn. Among the usual conditions, the letter of hypothecation contains an undertaking that the proceeds of the consignment shall be remitted to London through the foreign branch of the bank in time to arrive before the maturity of the bill, upon which the bank has become liable as acceptor.

The principal object of getting the banker to accept these bills in London is to enable the exporter to obtain his money forthwith; as soon as he gets the bill completed by acceptance, it ranks as "bank paper," and as such can be turned into cash immediately at the best discount rates on the London market.

The shipper is not always permitted to draw for the full value of the shipment; sometimes the banker will accept for only 75 per cent of the invoice value, but in all cases the banker's accepting bills under these credits

is considered as advancing on the security of the whole of the shipment. Moreover, he does not lose his recourse on the drawer when he delivers the produce to the foreign consignees, since in the letter of hypothecation the exporter specially undertakes that when documents of title to the goods are handed to the consignees, the latter are to hold them until realization, and also the procceds of sale after realization, in trust on behalf of the banker.

A further point to be noted is, that if for any reason sufficient funds should not be forthcoming to repay the banker for the amount of his advance as represented by the bill or bills he has accepted and will have to pay at due date, then the exporter, in accordance with the undertaking he has given in the letter of hypothecation, has to make up the deficiency forthwith. To make this clearer, we may say that it sometimes happens that the goods are unsold, or perhaps only a part is sold when the bill falls due for payment in London. The proceeds for the part sold will have been remitted to the banker. The banker as acceptor of the bill has to pay it; he naturally will not as a banker ask the person who presents the bill for payment to extend it for him. Having paid the bill, then, he has to look to the drawer for funds, or for the balance short-covered; and what the drawer will do, subject to the bank's agreeing, is to pay the banker the amount of the first bill he (the banker) has had to meet, and then to draw on the banker a fresh bill for the unremitted portion. The balance of the goods still unsold represents the security. The banker accepts this bill, and the drawer promptly sells it under discount on the market, so he really gets back most of the money he has just paid the banker for the first bill short-covered. If the banker considers it unwise to accept a bill for the whole amount represented by the unsold goods, he will arrange that the exporter after completing the cover for the first bill, draws a bill for, say, 75 per cent of the balance short-remitted; to this bill the banker will give his acceptance

in the hope that the goods will have been sold before maturity and the matter closed up. These so-called renewals are very unsatisfactory, but in these times the business often has to be done in this box-and-cox way, in order to help a lame duck over the stile. Ultimately, if the entire amount is not cleared off, the banker may refuse further renewals, and insist on payment of the balance outstanding.

Like so many other things in connection with this credit business, there seems to be a little confusion about the second bill drawn: the writer has heard it spoken of as "re-exchange," which is quite a wrong description of the operation.

Re-exchange.

Re-exchange is the difference in the value of a bill arising out of its being dishonoured in the foreign country in which it was payable. Chambers, in his *Law of Bills of Exchange*, explains re-exchange in this manner. A merchant in London endorses a bill for a certain number of Austrian schillings, payable at a future date in Vienna. The effect of his endorsement is to give the holder of the bill the right to receive a certain number of Austrian schillings at the date of maturity of the bill in Vienna. Now, if the bill be dishonoured, the holder, says Chambers, is entitled to immediate and specific redress by his own act in this way. He is entitled to raise the exact number of Austrian schillings due to him in Vienna by drawing and negotiating a cross bill, payable at sight, on his endorser in London, for as many pounds, shillings, and pence as will purchase in Vienna the exact number of Austrian schillings, at the rate of exchange on the day the bill was dishonoured. He is also entitled to include in the bill the interest and necessary expenses of the transaction.

This is rather a digression from our subject, but it is necessary to point out that re-exchange is something quite

different from the re-drawing which takes place under London Acceptance Credits.

Method of Treating Remittances.

The method of treating the remittances which are received in London from abroad for the purpose of providing cover to meet the banker's acceptances is interesting. To go back to the point where the banker gave his acceptance to the bill of exchange, the position as it stands is, that he is liable to pay that bill of exchange at maturity; consequently, bearing that fact in mind he has made arrangements whereby the drawer's agents are to remit funds to meet the bill or bills, so that the money shall be in London before maturity. The practice when the remittances are made to London is to hold and appropriate the money as received to the relative acceptance. For example, each bill is drawn against a definite consignment, and when the proceeds from the sale of the goods are sent home they are applied first to meet the bill which has been drawn against them at due date, and the balance, if any, is then paid to the shipper: in normal times this balance represents his profit on the shipment. It will be plain that the proceeds of sales sometimes arrive before the maturity of the bill, and when this happens it is customary to allow interest at the rate given by the London joint stock banks for short deposits from the time of receipt of funds until they are paid over to the exporter.

Apart from this question of remittances, legally the banker may be said to hold as cover for his acceptance the bills of lading and other documents of title to the goods, and the question which arises is, what is his position in regard to this security? Sir John Paget[1] holds that in this case the banker is a pledgee of the goods, the consideration for the pledge being the liability he assumes on the bills as acceptor at the customer's request. The

[1] *Law of Banking*, p. 360.

object of the pledge is, of course, the indemnification of the banker against that liability.

Banker's Right to Sell.

There remains the question as to whether or not the banker is entitled to sell the goods, always supposing he retains them under his control, in the event of default. In the letter of hypothecation in connection with these particular acceptances, there is often no clause dealing with the disposal by the banker of the goods if funds are not forthcoming to pay the acceptances, and, as we have said, in many cases the bank delivers the goods over to the consignees, though it should be noted that the latter, under the terms of the letter of hypothecation, are said to hold the goods in trust on behalf of the banker. The view of the eminent authority[1] we have previously quoted seems to be that the right to realize would probably accrue in this case where the drawer undertakes to put the banker in funds to meet bills a specified time before they are due and fails to do so. Failure to remit funds for the repayment to the banker constitutes a default, but it is important to remember that the banker is not entitled to realize until he himself has actually paid the bills. Further, it is held to be desirable that application should be made to the client for reimbursement, and notice given him by the banker that, failing his providing the funds within a limited time, the goods will be realized.

The case of *Banner* v. *Johnston* is sometimes cited in this connection, and although the effect of that case is to make it plain that the banker can, so to speak, foreclose after he has paid the bills, the foreclosure must be subsequent, not precedent, to the paying of the bill by the banker. The references in the case in question are to the banker's selling in order to obtain the wherewithal to pay bills, and the references, as Sir John Paget remarks, must be read in the light of the particular facts of the

[1] Sir J. Paget, *loc. cit.*, pp. 360–1.

case, namely, that the drawers had agreed that the bankers should be kept out of cash advances, which could only be by their realizing before the bills of exchange became due. Consequently, as the matter stands, it seems " that either a default is inferred from the banker having to pay, or a power of sale is implied after he has so paid, as being essential to his indemnity."[1]

Mention might be made of cases that have come under the writer's notice in which the firm to which the goods are consigned is not a branch of the drawer's firm. Here the drawer, in addition to drawing the bill which the banker has accepted, will draw a further bill on the foreign consignee of the goods. The consignor does this for his own protection ; he, in the event of funds not being forthcoming to pay the banker for his acceptance, has this second bill to fall back upon. Funds would not be sent to London because the consignee would have dishonoured the bill, so the exporter can sue him on it in the ordinary way just like any other drawer.

Third Party Credits.

In connection with this acceptance business there is a good deal of " third party " credit. The matter is best explained by reference to the custom of certain Continental importers who make purchases of goods in England. The banks and acceptance houses in London may not desire to open acceptance credits directly in their favour, so it is necessary for bankers in their own centres to bridge the gap. On the instructions and responsibility of such banks, arrangements are therefore made for a London bank or accepting house to open a third party credit in favour of the London exporter, who is thus enabled to draw on the bank and obtain his money immediately his bills of exchange and documents of title to the goods are ready. He himself runs no risk provided he conforms to the terms of the credit. The banks or accepting houses in London lend their names

[1] Sir J. Paget, *loc. cit.*, pp. 360-1

or their credit on the strength of the undertaking of the banker in the Continental centre.

Omnibus Credits.

There is a variation of these London Acceptance Credits ; it is called an Omnibus Credit, the name being probably derived from the Latin *omnis*, meaning " for all." This credit is used by the London banks and finance houses to enable shippers to obtain prompt payment for their produce as soon as it is ready for shipment, and as might be imagined, it is granted only to firms of high standing, who give the banks a general lien over the whole of the shipment, and in return are permitted to draw bills on the banker for round amounts on the security of the goods thus pledged.

Revolving Credits.

We have mentioned the word " revolving," in passing, and it need hardly be said that all credits can be made revolving. To make revolving credits plain, some explanation is necessary.

The most familiar form of revolving credit is that which permits the exporter to draw bills up to, say, £1,000 outstanding at any one time ; the bills will be drawn at various intervals, probably as the goods become ready for shipment, or they may be drawn to fit in with contracts made for freight. In due course the £1,000 limit is reached, and as soon as sufficient time has elapsed for the first bill to be paid, or for advice of payment to reach home, whichever may be arranged, the credit automatically re-opens until the actual amount outstanding again reaches £1,000.

Where the credit involves the acceptance of bills in London by the banker, the revolving credit may be so worked that, say the limit is for £1,000, when the first acceptance has arrived at maturity and the banker has received funds to enable him to meet the bill, another bill

may be drawn, and so on, *ad infinitum*—as long as funds come forward regularly to meet each acceptance, the credit goes on revolving.

Another form of revolving credit is that under which the accredited person may draw, say £1,000, at any one time in one draft, when that bill has matured and has been paid, the credit again re-opens for a further £1,000.

Extended Credit.

There is still another form of revolving credit which almost amounts to credit for an unlimited amount. It is called an Extended Credit, and a good example of such an arrangement came to light in the case of the *Chartered Bank of India, Australia, and China* v. *Macfadyen & Co.* The credit was issued by Macfadyen's in favour of Knowles & Co., Commission Agents in Batavia, Java, and it was worded as follows—

We open..... .. .... the following extended credit for £5,000 (five thousand pounds sterling), to be availed of by drafts on us at 3, 4, or 6 months' sight, against produce bought and paid for by you, but not immediately ready for shipment, but to be shipped within two months of the passing of the drafts and documents in full cover of same, to be sent in to the bank through whom you negotiate for dispatch to us by first mail after receipt. On the shipping documents being handed to the bank, the amount so covered shall again be available, provided that in no case shall the amount uncovered current at any one time exceed the sum of five thousand pounds sterling. The produce bought under this credit you must hold under lien to us until the documents have been handed to the bank for transmission to us. . . . These are the terms on which we grant this credit, and we hereby undertake to accept on presentation and pay at maturity, or take up under discount all drafts drawn by you in conformity with the said terms and conditions.[1]

This practically exhausts our examination of the credits themselves, but before passing to a consideration of the documents attendant on the bills in connection with the credits, mention ought to be made of one or two other methods by which exporters are enabled to get their

[1] 1895, 64 L.J.Q.B., 367; 1 "Com. Cas.," 1.

money, but which are not generally classified as credit facilities.

Payment on Receipt Credit.

The first is that which is called a Payment on Receipt Credit. This takes the form of an instruction from a banker in one country to a bank in another country to pay a certain exporter cash up to a named limit against full sets of shipping documents and a receipt signed in triplicate by the exporter. As a rule, no bill of exchange accompanies these shipping documents, but the negotiating banker is instructed to draw upon the bank which opened the credit for reimbursement.

Payment Against Documents Credit.

The second form is known as a Payment against Documents Credit. Upon receiving the necessary instructions a bank will pay the exporter the amount of his invoice against delivery of a complete set of shipping documents. Before the war, credits in this form were opened through the Dutch banks with considerable frequency by merchants in the East Indies. The shipper was directed to forward his papers to the office of the Dutch bank in Holland, in which case he usually received in exchange a draft on London, or to the bank's correspondents in the United States, from whom he obtained a direct payment.

CHAPTER IX

" The practice is derived from the law, not the law from the practice."

POINTS IN THE LAW CASES AFFECTING THE DOCUMENTS ATTACHED TO THE BILLS OF EXCHANGE DRAWN UNDER THE AUTHORITY OF CREDITS

Bankers' Obligations.

THE question as to what are a bank's duties or liabilities in regard to documentary bills negotiated under letters of credit is one which often crops up, and the interpretation sometimes favours the one side, sometimes the other. Bankers fully recognize that when issuing or opening credits they owe it to their clients to protect their interests to the best of their ability, and in most cases extreme care is taken to see that the documents attached to the bills tendered for negotiation under the authority of the credit are what they purport to be, and that they really represent shipments on the basis of which they are made out; that fraudulent documents are at times tendered and clever swindles perpetrated is well known, and no matter how careful a banker may be, like people in other walks of life, he is occasionally deceived. There is a difference, however, between being negligent and being the victim of a fraud, and this the Courts have fully recognized in the few cases that have come before them.

Bankers are quite aware of the obligations placed upon them in these matters, but there are limits to these obligations, and these were plainly indicated in the much-quoted case of *Basse & Selve* v. *Bank of Australasia*. The effect of the decision in that case was to make it clear that a banker does not vouch for the genuineness of the documents handed to him, and it was held that when he is instructed to negotiate drafts against bills of lading, policy of insurance, etc., a banker's duties are limited to seeing

that he deals with the person indicated, and that the documents presented by him purport on their face to be those specified in the mandate.[1]

The Bill of Lading.

The most important of the documents attached to the bill of exchange is the bill of lading, so we may take that first.

From the case of the *Guaranty Trust Company of New York* v. *A. Hannay & Co.*, although it was not concerned with Letters of Credit, we get clear legal guidance as to the banker's liabilities on instruments drawn under the authority of credit. In fact, arising out of the case there were valuable findings on such points as "Presentment for Acceptance by a Holder in Due Course," "Warranty of Genuineness of Bill of Lading," "Representation—Right to recover back money paid by Acceptor," "Mistake of Fact," "Failure of Consideration."

First of all, then, it was clearly established that the holder who presents a bill for acceptance having bills of lading or other documents of title attached to it, neither warrants the genuineness of the documents nor that they represent actual goods, and he does not undertake to indemnify the drawee should such not be the case.

The case in question occupied the attention of the Courts, both in London and in New York, for about six years, and was finally settled by our own Court of Appeal in 1918, judgment being given in favour of the Guaranty Trust Co.

The main point with which we are concerned is that which dealt with the liability of the person presenting a bill of exchange for acceptance with forged bill of lading attached. The defendants sought to set up the claim that a banker presenting the bill of exchange warrants the authenticity of the documents attached, or undertakes to

[1] Cf. *Basse & Selve* v. *Bank of Australasia*, 1904; 20, *Times Law Reports*, p. 431.

indemnify the acceptor if the documents turn out not to be genuine.

Lord Justice Pickford, in explaining the reasons for the conclusion he had reached in the case, referred to remarks on the subject made by Dean Ames, of Harvard University. He says—

" The position of the holder of a bill of exchange who presents it for payment is, I think, well-expressed in a lecture by Dean Ames of Harvard, when he says, 'The attitude of the holder of a bill who presents it for payment is altogether different from that of a vendor. The holder is not a bargainer. By presenting for payment he does not assert, expressly or by implication, that the bill is his or is genuine. He, in effect, says, here is a bill which is given to me calling by its tenour, for payment by you. I accordingly present it for payment, that I may get the money or protest it for non-payment.' "

We are rather putting the cart before the horse, since we have not yet stated the actual facts of the case, which were these—

Hannay & Co., the defendants, who carried on business in Liverpool, had purchased cotton from dealers, by name, Knight, Yancey & Co., in the United States. The latter drew a bill of exchange on the defendants' bankers in Liverpool for the price of the cotton. The bill was in the following form—

> " Sixty days after sight of this first of exchange (second unpaid) pay to the order of ourselves £146. 9.-value received, and charge same to account of 100/R.S.M.L. bales of cotton."

The bill was issued in New York, and the plaintiffs, who were dealers in foreign bills there, in good faith purchased the bill of exchange with bill of lading for the cotton attached. They sent the documents to the defendants' bankers in Liverpool, the Bank of Liverpool, who, by arrangement with the defendants, accepted the bill and paid it at maturity. The bill of lading was, in point of

fact, a forgery and no cotton had been shipped under it. The defendants, on discovering the fraud, brought an action in America against the plaintiffs to recover back the amount of the bill so paid by them. The Guaranty Trust Company then brought this action in England, claiming declarations that they did not, by presenting the bill for acceptance with the bill of lading attached, either warrant or represent that the bill of lading was genuine, and that they were not bound to repay the amount of the bill of exchange.

Now, further to the remarks of Lord Justice Pickford, to which we have referred, Lord Justice Warrington also said that "in truth the plaintiffs did not request the bank to accept, they only desired to know whether the bank would acknowledge their liability to do so and perform it or not, with an intimation that in the latter case the well-known step would be taken."

Finally, it was held by the Court of Appeal that the plaintiff did not, by presenting the bill of exchange for acceptance, warrant or represent the bill of lading to be genuine, and that the defendants were not entitled to recover back the money paid to the plaintiffs.[1]

In the circumstances, it is satisfactory to have it clearly laid down that "neither by presenting a bill for acceptance nor for payment does the banker warrant the genuineness of a bill of exchange, of any of the signatures on it, anything about it, or of any of the accompanying of documents."[2]

Another case which concerned the bill of lading was that of the *National Bank of Egypt* v. *Hannevig's Bank, Ltd.*, judgment in which was delivered by the Court of Appeal on 29th October, 1919. The question as to what is the duty of a banker negotiating bills of exchange with shipping documents attached under the authority

[1] Court of Appeal (1918), 2 K.B., 623.
[2] Cf. "Gilbart's Lectures," by Sir John Paget, Bart, K.C., p. 213, *Institute of Bankers' Journal*, 1919.

of a Confirmed Bankers' Credit was discussed at considerable length in this case.

The action was brought by the National Bank of Egypt against Hannevig's Bank, Limited, for a sum of £8,000, and was finally decided in the Court of Appeal by Lord Justice Bankes, Lord Justice Scrutton, and Lord Justice Duke. In substance, the object of the action was to recover money paid by the plaintiffs at the request of the defendants or, as Lord Justice Bankes said it might be put, "to recover upon an indemnity for money paid by agents for their principals by the principals' authority." In effect, the defence was: "You departed from the terms of your authority in paying this money; you had no authority to pay it at all, and therefore we, the defendants, are not responsible to you for that money."

The facts of the case were these—

The defendants were apparently interested on joint account with a Manchester firm for the purchase of onions from Egypt, and to work that business it was necessary to open a bank credit in England, so, to open that credit, the defendants wrote to the plaintiffs a letter of instructions on 19th June, 1918, which was in these terms—

"With reference to our previously made arrangement, we shall be glad if you will kindly cable out immediately to your Alexandria office opening a confirmed sight credit in favour of Messrs. Pilfel & Son, Alexandria, for account of Messrs. Walton, Son & Co., Manchester, for 40,000 bags of Egyptian onions at the price of 35s. (thirty-five shillings) per bag, c.i.f. United Kingdom, to be shipped during June/July/August, this year. Shipment on deck is permitted. The relative amount is payable against delivery of bills of lading, marine and war risk insurance certificate and invoices. On hearing from you the cost of your cable, we will refund you the expenses."

These instructions were accepted by the plaintiffs, and in due course the onions were shipped by steamer by Pilfel & Son, and the documents forwarded to England

by the Alexandria branch of the National Bank of Egypt. The bill of lading, however, contained an indorsement to the effect that several bags of onions were torn and re-sewn, and the defendants raised a question about the matter by letter to the National Bank of Egypt. They claimed in their letter that in view of the fact that the bills of lading were marked "several bags torn and re-sewn," they took the documents up only under protest, as the credit called for clean bills of lading. The business went on for some time, but eventually an action in the Courts by the National Bank of Egypt became necessary, and one of the principal questions that arose between the parties was, what, upon the true construction of the contract contained in the letter of credit, is the meaning of the instructions that the relative amount was payable against delivery of bills of lading?

The defendants claimed that bills of lading as there used meant "Clean Bills of Lading," by which is meant bills of lading without any qualification of the general receipt "accepted in good order and condition" which appears on the face of bills of lading. This, the defendants contended, was the meaning of the contract and the effect of the instructions sent by them to the plaintiffs, who, instead of following these instructions, paid money against bills of lading which were not clean bills of lading in that sense.

The case, as we have said, was decided in favour of the plaintiffs, the National Bank of Egypt, on the ground that in the course of subsequent correspondence the defendants had waived their objection to the qualified bill of lading, so that the general principle underlying the point at issue was not decided, and as the *Journal of the Institute of Bankers* says, the wording of the judgment leaves little room for doubt as to the decision which would have been reached had it been necessary to decide the point about clean bills of lading. Lord Justice Bankes, after referring to the fact that the learned Judge in the

lower Court had accepted the defendants' contention that the meaning of the letter of instructions was that payment was only to be made against clean bills of lading, said: "I think, had the question been one which had to be decided in this case, it would be necessary to consider very carefully whether the view taken by the learned Judge was the correct one."

Lord Justice Scrutton was even more emphatic on the point, and in the course of his judgment he said—

"This particular bank confirmed credit, which is the subject of this action, was made at a time when prices had not yet fallen, on the 19th June, and then Hannevig's Bank instructed the National Bank of Egypt to open a credit in favour of Messrs. Pilfel for 40,000 bags of Egyptian onions at a price, c.i.f., to be shipped in June, July, and August, 1918, adding, 'the relative amount is payable against delivery of bills of lading, marine and war risk, insurance certificate and invoice.' That makes the National Bank of Egypt the agents of Hannevig's Bank to pay money on behalf of Hannevig's Bank against certain documents. In some cases the obligation of a banker, under such a credit, may need very careful examination. I only say at present, that to assume that for 1/16 per cent on the amount he advances the banker is bound carefully to read through all bills of lading presented to him in ridiculously minute type and full of exceptions, to read through policies and to exercise a judgment as to whether the legal effect of the bill of lading and the policy is, on the whole, favourable to his clients, is an obligation which I should require to investigate considerably before I accepted in that unhesitating form. What was pleaded in the case was, first, that this credit put an obligation on the National Bank of Egypt only to make payments against clean bills of lading, and the general meaning of 'clean bills of lading' in commerce, so far as I understand it, is, that whereas an ordinary bill of lading contains a receipt by the shipowner for goods in apparent external

good order and condition, if a note is put on the side which qualifies that receipt, and prevents its being a receipt for goods in apparent good order and condition externally, the bill of lading is ordinarily spoken of as not 'clean.' It is not a 'clean' or unqualified receipt. Another view was put forward by the National Bank of Egypt in defence to the counter claim, which was, that the said bills of lading, with the clauses thereon, were usual bills of lading in the trade in question, and proper documents within the true meaning and intent of the trade. There were, thus, two views put before the learned Judge on the pleadings, one that the credit calls for 'clean' bills of lading, the other that it calls for 'usual' bills of lading. . . . My present impression is, I do not know that it is necessary to decide it finally in view of the grounds on which we are deciding this case, that a mere credit against delivery of bills of lading is not necessarily a credit against 'clean' bills of lading. It depends on the facts of the case. A c.i.f. contract involves your providing a contract of insurance and a contract of carriage, and what the particular contract of insurance and contract of carriage specify as the obligation is, in my view, a question of evidence of the usual conditions in the trade at the time, and it may be that the usual conditions in the trade at that time are such that, first, you cannot get insurance against certain risks; and, secondly, you cannot, in my view, say off-hand: 'Bills of Lading; that means 'clean' bill of lading.' The question is whether 'clean' bill of lading is 'usual' bill of lading in the trade at the time. . . ."

Lord Justice Duke followed in a similar strain, and said he himself would not have been ready upon the material which was before the learned Judge to come to the conclusion that the defendants were entitled to insist upon "clean" bills of lading, "or measure the liability of the plaintiffs" by the obligation to proceed only upon the receipt of "clean bills of lading."

Judgment was therefore given for the National Bank of Egypt. But, even so, it must not be forgotten that a banker opening a credit owes a duty to his client, if not a legal one, then certainly a moral one, to look after his business interests. Failure to give full regard to the details of the credit might very well result in serious loss to the banker, since, as Lord Justice Duke remarked in the action we have just been discussing, the facts in every case must, to some extent, determine what is the obligation of the respective parties in each transaction that has taken place.

The question of the type of bill of lading tendered in a c.i.f. contract is an interesting one, and formed the subject of a good deal of discussion in a case—*Diamond Alkali Export Corporation* v. *Bourgeois*.[1] The case concerned a c.i.f. contract for the sale to F. Bourgeois of 50 tons soda ash. Payment—cash against documents under confirmed bankers' credit. We are not concerned here with the details of the dispute regarding the shipment, but two main points upon which Mr. Justice McCardie was called upon to give judgment were (1) whether or not the bill of lading tendered was a proper bill of lading, (2) whether a certificate of insurance was a good delivery under a c.i.f. contract. The insurance question is discussed later.

The bill of lading had been rejected on the ground that it was not a proper bill of lading, and the contentious part of it was the earlier words: they were these—

" Received in apparent good order and condition from D. A. Horan to be transported by the s.s. *Anglia* now lying in the port of Philadelphia and bound for Gothenburg, Sweden, with liberty to call at any port or ports in or out of the customary route, or failing shipment by such steamer in and upon a following steamer, 280 bags dense soda."

The buyer strongly contended that the document tendered was not a bill of lading at all, and that in any event it was not such a bill of lading as was required by the

[1] King's Bench Division, 1st July, 1921.

contract. He pointed out that the document did not acknowledge the goods to have been actually placed on board but merely that they had been "received to be transported." In the course of his judgment Mr. Justice McCardie examined the leading authorities and cases on bills of lading, which all showed that a vendor under an ordinary c.i.f. contract is bound to tender a bill of lading. The question is, he said, "What is meant by a bill of lading within such contract?" He considered that the phrase "bill of lading," as used with respect to a c.i.f. contract, means a bill of lading in the sense established by a long line of legal decisions. A bill of lading, from the earliest times was a document which acknowledged shipment on board a particular ship, and after an exhaustive examination of the dicta in such leading cases as *Lickbarrow* v. *Mason, Landauer* v. *Craven,* and *Johnson* v. *Taylor Bros. & Co., Ltd.,* and that of the Privy Council in the *Marlborough Hill* case, Mr. Justice McCardie held that the document in question was not a bill of lading within the c.i.f. contract made between the parties.

Insurance Policies.

Apart from the bill of lading, disputes sometimes arise in connection with insurance policies that are attached to the bills of exchange; and, in these circumstances, reference may be made to a case to which we have already referred, that of *Borthwick* v. *Bank of New Zealand.* In the letter of credit issued, there was said to be a clause setting forth that the drafts were to be accompanied by shipping documents, i.e. the bill of lading, invoice and policy of insurance. The Bank negotiated a bill attached to which was a policy containing the following clause: "To pay a total loss on vessel only." During the trial of the action it was shown that the usual form of policy in the frozen meat trade was a policy covering all risks. The bill in due course was presented to Borthwick for acceptance, and he, before examining the documents

attached to it, gave his acceptance to the bill. As it afterwards transpired, there was a partial loss of the consignment of meat, but, owing to the clause in the insurance policy above-mentioned, he was debarred from recovering the loss from the underwriters, and the Court held that the Bank was liable to recoup him for the loss he had thus sustained.

In giving judgment for the plaintiff, Mr. Justice Mathew said that, under the contract contained in the letter of credit issued by the bank, when a shipment was made and a draft was brought to the defendants for negotiation, their first consideration ought to be to see whether the draft was such as the plaintiff should accept, and therefore the representative of the bank should examine the documents attached to the draft, in order to see whether they were those stipulated for in the letter of credit. If that precaution were taken, he went on to say, the documents should consist of proper bills of lading, invoice and policy of insurance, and the object of the stipulations in the letter of credit being to protect the plaintiff, the policy should be an "all risks" policy, which on the evidence before him he was satisfied was the ordinary policy issued in the business of the kind in question.

The further remarks made by the Judge are important, as they embody what the legal mind considers to be a banker's responsibility in these matters. He said: "The letter of credit says in express terms that the defendants are not to be responsible in the event of any misrepresentation as to quantity, quality or value of the consignment. That is, I think, a clear indication of an intention that some responsibility should be cast upon the defendants, and their responsibility would seem to extend to everything that was not expressly excepted. The documents and drafts relating to the consignment in question came forward in the ordinary course. The drafts were sent to the plaintiff for his acceptance, while

the documents, as was usual, were retained by the defendants. The plaintiff could not conjecture that one of the policies was in an unusual form, and he accepted the drafts in the ordinary course of business Neither the defendants nor any one else examined the documents until after a serious particular average loss had occurred to the goods, and it was then discovered that the loss was not covered by insurance."

In the circumstances, as we have said, the loss fell on the bankers and not on the plaintiff, all of which goes to show that extreme care should be taken by bankers and their representatives to see that the documents that are attached to the bills they negotiate under credits are not only in order, but are such as are called for by the terms of the letters of credit.

Cover Notes and Certificates of Insurance.

In lieu of insurance policies, negotiating bankers and finance houses sometimes accept cover notes, or certificates of insurance, instead of actual policies; and it may be news to some people that it is at least questionable whether a buyer can be obliged to accept such documents in lieu of insurance policies. In this connection, there is an action reported in the *Journal of the Institute of Bankers* of October, 1919.

It appeared that by a contract in writing, the plaintiffs had sold to the defendants goods for which payment was to be made by net cash in London against shipping documents. When the shipping documents were tendered, in place of an insurance policy there was a broker's cover note, on the strength of which the documents were refused as not being in order. Later on it was agreed that a certificate of insurance signed by a broker, together with his undertaking to hold the policy for the defendants' account, would be accepted; but when the documents again came forward, although a certificate of insurance was attached, there was no broker's undertaking, so

payment was again refused. An action followed, and in giving judgment, Mr. Justice Bailhache said that the main question was whether the plaintiffs had made an effective legal tender of documents to the defendants. It had been laid down in *Ireland* v. *Livingstone* (L.R. 5, H.L. 395), decided in 1872, that under a c.i.f. contract the seller must tender to the buyer, along with the other documents, a proper policy of insurance, and the law as laid down in that case had generally been regarded as settled. In the present case, evidence had, however, been called by the plaintiffs with a view to proving that a custom had arisen, according to which the seller might tender a broker's cover note or certificate of insurance instead of a policy. That evidence no doubt showed that these cover notes and certificates were constantly accepted as equivalent to policies, but it was to be observed that none of the witnesses went so far as to say that a seller could oblige a buyer to accept any such document in place of a policy. His Lordship was not satisfied that the alleged custom had been proved. The buyer might, no doubt, waive his right to a policy. In the present case, the defendants had done so by agreeing to accept a certificate of insurance and a broker's undertaking instead of a policy.

The plaintiffs, however, had tendered to the defendants the former of these documents only and not the latter, so that the defendants did not get that which they had stipulated to get instead of a policy. The plaintiffs had failed to perform either their original obligation to tender a policy, or their substituted obligation to tender a certificate of insurance, together with a broker's undertaking. There would be judgment for the defendants.[1]

The question of certificates of insurance was also argued

[1] *Cf. Weekly Notes*, 14th June, 1919, p. 180, reported in *Institute of Bankers' Journal*, vol. xl, p. 262; *Wilson Holgate & Co., Ltd* v. *Belgian Grain & Produce Co., Ltd.*

at some length in the case of the *Diamond Alkali Export Corporation* v. *Fl. Bourgeois* in 1921, to which we have already referred. The buyers of goods in this particular case claimed that a proper policy of insurance was not tendered, and Mr. Justice McCardie in the course of his judgment said: " It seems plain that a mere written statement by the sellers that they hold the buyers covered by insurance in respect of a specified policy of insurance is not itself a policy of insurance within a c.i.f. contract. It seems plain also that neither a broker's cover note nor an ordinary certificate of insurance is an adequate agreement within such a contract."

The substantive words of the so-called " Certificate of Insurance " in this case were: " This is to certify that on the 8th November, 1920, this company insured under Policy No. 2319 for D. A. Horan $5790 on 280 bags 58 per cent dense soda ash, N.Y. & L. test, valued at sum insured shipped on board the s.s. *Anglia* and/or other steamer or steamers at and from Philadelphia to Gothenburg. And it is hereby understood and agreed that in the case of loss, such loss is payable to the order of the assured on surrender of this certificate. This certificate represents and takes the place of the policy and conveys all the rights of the original policy-holder (for the purpose of collecting any loss or claims) as fully as if the property was covered by a special policy direct to the holder of this certificate and free from any liability for unpaid premiums," etc.

After dealing with this document and the law relating to insurance policies at length, the learned Judge discussed whether this document differed in any material respect from a policy of insurance. He questioned whether the buyer could know whether the certificate of insurance was of a proper character (i.e. one he was bound to accept), unless he saw the original policy, and examined its conditions, whether usual or otherwise. His opinion was that a certificate of insurance falls within a legal classification,

if any, different from that of a policy of insurance. The latter is a well-known document within definite, established and statutory legal rights. A certificate, however, said Mr. Justice McCardie, is an ambiguous thing; it is unclassified and undefined by law . . . No rules have been laid down upon it. Would the buyer sue upon the certificate or upon the original policy, plus the certificate? If he sued simply on the certificate he could put in a part only of the contract, for the other terms of the contract, namely, the conditions of the actual policy, would be contained in a document not in the control of the buyer, and to the possession of which he is not entitled.

Another point emphasized by the Judge was that before the buyer could sue at all he would have to show that he was the assignee of the certificate. In what way, he asked, can the buyer become the assignee? He quoted the provisions of the Marine Insurance Act, 1906, the relevant statutory provision of which is " A marine policy may be assigned by indorsement thereon or in other customary manner." This, however, only applies to an actual marine policy. The Act contains no reference, express or implied, to a certificate of insurance.[1]

Mr. Justice McCardie, then, held that such a certificate was not equivalent to a policy of insurance, and he added that " a document of insurance is not a good tender in England under an ordinary c.i.f. contract unless it be an actual policy and unless it falls within the provisions of the Marine Insurance Act, 1906, as to assignment and otherwise. He held, therefore, that the buyer was entitled to reject the document upon the ground that no proper policy of insurance had been tendered by the sellers in conformity with the c.i.f. contract, and added that the difficulties indicated in his judgment could be easily, promptly, and effectively met by the insertion of appropriate clauses in c.i.f. contracts.

[1] King's Bench Division—*Lloyd's List Law Reports and Legal Decisions affecting Bankers*, pp. 243–244, Vol. III.

The Invoice and Rate of Exchange.

Questions which concern the invoice attached to bills of exchange, fortunately, are few; but there was one case before the Courts in 1918 which dealt with the invoice and the rate of exchange to be taken when shipping documents are presented for payment. The case was reported in full in *The Times* of 7th November and 1st December, 1918. The parties to it were the Aktiebolaget Rydtum & Co. and Felber & Co. Various questions were raised in the pleadings, but the only material point at issue was the exact point of time at which the rate of exchange should be fixed. The facts of the case were these—

The plaintiffs on 19th November, 1917, shipped a consignment of timber in fulfilment of a contract, and sent an invoice for Kr. 90,669.40, which they converted into sterling at a rate of 12 kroner to the pound They then drew a bill on the defendants for £7,555 15s. 8d., and forwarded the shipping documents to their bankers in London to be handed over to the defendants on payment for the timber. The shipping documents were not presented to the defendants until 19th December, 1917, by which time the rate of exchange had become Kr. 14.05 to the pound sterling. The defendants contended that the rate of exchange should be fixed at the date of presentation of the documents, and they offered to pay to the bank £6,453 6s. 9d. instead of the sum claimed. They said that the plaintiffs had written agreeing to accept £6,453 6s. 9d. in satisfaction, but the bank refused to deliver up the shipping documents because it had not received instructions from its clients to do so.

Counsel for the plaintiffs submitted that the invoice must be prepared at the place and at the date of shipment at the rate of exchange prevailing at that moment, otherwise the amount payable could not be fixed; but counsel for the defendants submitted that the invoice

would naturally be in the currency of the shipper, but the moment at which the rate of exchange must be fixed must be the moment when the buyer knew how much he had to pay; at that moment he would go into the market and with English gold buy Swedish kroner, and in doing so would pay the price prevailing at the time.

Mr. Justice Bray discussed the evidence, and said that in his view no custom which could affect the position had been made out, and the case must therefore be decided entirely on the wording of the contract. The invoice could only be made out at the time of shipment. It was the duty of the seller to prepare the documents at the time when the goods were shipped, and at that time it was obviously impossible for him to know what the rate of exchange would be when the documents were presented for payment. That being so, he thought that the contention of the plaintiffs that the rate prevailing at the date of the invoice must be the governing rate was correct, and judgment would be for the plaintiffs accordingly.

Subsequently, the case was taken to the Court of Appeal, and, in the course of the judgment there given, Lord Justice Bankes said that an attempt had been made to establish a custom in the timber trade, but the matter had to be decided on the contract between the parties. The question was what construction was to be placed on the contract? Before the war the rate of exchange was fairly steady, and no question of that kind had arisen, but since the war the rate of exchange had fluctuated considerably. Looking at the contract, the price was expressed in English money, and one would expect that the invoice would be made out in England. There was a guarantee with reference to the rate of exchange. That guarantee was as follows: "C.I.F. Liverpool, exclusive of war risks, exchange guaranteed at Kr. 18.20 per £ sterling on the off-value, plus any extra rail freights incurred between Bundeville and Gothenburg." It had

been said that the guarantee clause ought to be read as applicable to the time of payment, but on the true construction of the contract the intention of the parties was that the time of shipment was the time at which the rate of exchange was to be fixed.

Lord Justice Warrington concurred; but Lord Justice Scrutton, in a dissenting judgment, said that in the absence of custom, he could not read the time of shipment into a c.i.f. contract. He thought that, as the contract was c.i.f., the time at which the rate of exchange was to be fixed was the time when the shipping documents were presented.

However, the appeal was dismissed, and although it seems unsatisfactory on the face of it, especially when it is remembered that when documents are presented attached to a bill of exchange and no rate is mentioned in the bill, hitherto it has been the custom among bankers to take for conversion purposes the rate on the day of presentation; as the judgment in this particular case now stands, it would seem that when shipping documents are presented for payment in accordance with the terms of a c.i.f. contract, the rate of exchange should be that on the day of the shipment of the goods and not the rate on the day of the presentation of the documents.

American Legal Decisions on Commercial Letters of Credit.

There are three recent American cases, one decided by the United States Circuit Court of Appeal (2nd circuit), and two decided by New York Courts, which are of great interest and importance, as they go far towards establishing as a part of the law of the United States, the principles laid down in the several British cases we have examined, as to the respective rights and liabilities of parties to commercial letters of credit.[1]

[1] The details have been summarized by Dr. Geo. W. Edwards, Division of Analysis and Research, Federal Reserve Board, by whose courtesy the author is able to publish the salient facts.

The case of the *American Steel Co.* v. *Irving National Bank* (April, 1920) holds that the beneficiary of an irrevocable letter of credit has an absolute right to have the drafts honoured by the issuing bank when drawn in accordance with the terms of the credit, and that the issuing bank cannot decline to honour drafts so drawn, even though requested to do so by its customer because the contract of sale between that customer and the beneficiary has become impossible of performance. In that case it appeared that the defendant bank had issued an irrevocable credit to the plaintiff steel company authorizing the latter to draw bills at sight upon the bank for account of the defendant MacDonnell Chow Corporation for $43,000 covering a shipment of tin plate. The plaintiff steel company had contracted to sell the tin plate to the defendant MacDonnell Chow Corporation, f.o.b. Pittsburgh, for export. The plaintiffs shipped the tin plate and presented a sight draft to the defendant national bank with certain documents, and the bank declined to honour the draft. The second defence alleged that owing to the Federal prohibition against the export of tin plate from the United States the performance of the contract between the plaintiff and the defendant MacDonnell Chow Corporation became impossible of execution. The third defence alleged a resale by the plaintiff of the tin plate and claimed an offset of the amount realized on the resale. As to the second defence, Circuit Judge Rogers said—

" The second defence, that the contract became impossible of execution is wholly inconsequential. The liability of the bank on the letter of credit as agreed upon between plaintiff and defendant was absolute from the time it was issued, and it was quite immaterial whether the defendant could export the tin or not. The law is that a bank issuing a letter of credit like the one here involved cannot justify its refusal to honour its obligations by reason of the contract relations existing between the bank and its depositor."

The finding then cites with approval the case of the *Sovereign Bank of Canada* v. *Bellhouse, Dillon & Co., Ltd.*, upon the point that the customer at whose instance a bank has issued an irrevocable letter of credit cannot compel the bank to cancel that letter, for the reason that the letter constitutes a contract between the issuing bank and the beneficiary.

In conclusion the opinion says—

" The defendant in effect seeks to read into the contract a provision that the plaintiff's rights under the letter of credit should be subject to the superior right of the MacDonnell Chow Corporation to modify the contract which the bank had made with the plaintiff. We do not so understand the law."

Then the case of *Frey & Sons (Inc.)* v. *Sherburne Co. and the National City Bank* expressly holds that the contract between the issuing bank and the beneficiary, as evidenced by the letter of credit, is entirely independent of the contract of sale between the buyer at whose instance the letter of credit was issued and the seller who is the beneficiary under the letter of credit, and that the issuing bank cannot repudiate its contract with the beneficiary merely because of the contract of sale.

The facts of the case were these : The plaintiff had agreed to buy from Sherburne 350 tons of sugar, to be shipped from Java ; payment to be made in New York on presentation of warehouse receipt or delivery order, and the plaintiff to furnish an irrevocable letter of credit for the full amount of invoice. The contract also provided that the plaintiff, the buyer, should have the right to cancel the contract in the event of shipment being delayed. At the instance of the plaintiff the defendant bank issued a letter of credit to the Sherburne Co. authorizing them to draw sight drafts upon the bank accompanied by specified documents covering the shipments of sugar. The credit contained a provision whereby the bank agreed with *bona fide* holders that all drafts issued in accordance with the letter would

be honoured upon presentation. This letter of credit, however, did not contain a reference to the plaintiff's right to cancel the contract of sale if shipment was delayed. The plaintiff alleged that the shipment of 45 tons of the sugar had been delayed, and that he had elected to cancel his contract for the purchase of so much of the sugar, but that, notwithstanding this, the defendant Sherburne Co. threatened to negotiate or present for payment drafts drawn under the letter of credit, also that the defendant bank threatened to pay such drafts if so presented or negotiated. The plaintiff sought an injunction from the Courts restraining the Sherburne Co. from drawing or negotiating drafts under the letter of credit, and enjoining the defendant bank from honouring or paying such bills.

The finding of Mr. Justice Greenbaum was this—

" From our view of the case it is not important to discuss the rights of the plaintiff under the contract with the defendant Sherburne Co. . . .

" It is equally clear that the bank issuing the letter of credit is in no way concerned with any contract existing between buyer and seller. The bank is only held liable in case of a violation of any of the terms of the letter of credit. It therefore would follow that, if the bank issued any drafts violative of the terms of the letter, the buyer would have recourse to the bank in an action for damages for the breach of its contract. . . . Interests of innocent parties who may hold drafts upon the letter of credit should not be made to suffer by reason of rights that may exist between the parties to the contract of sale in reference to which the letter of credit was issued. It would be a calamity to the business world engaged in transactions of the kind mentioned in the complaint, if for every breach of a contract between buyer and seller a party may come into a court of equity and enjoin payment of drafts drawn upon a letter of credit issued by a bank."

CHAPTER X

UNIFORM REGULATIONS FOR LETTERS OF CREDIT. PROPOSALS OF THE INTERNATIONAL CHAMBER OF COMMERCE

FORMS OF CREDITS—LIABILITY—DOCUMENTS—INTERPRETATION OF TERMS—TRANSFERS—RESERVATIONS BY THE BRITISH DELEGATION

UNIFORMITY, or rather lack of that desirable quality, in bankers' credits, for many years has been a subject which has exercised the minds of bankers, lawyers, and the trading community. There have been endless discussions and conferences on the matter, and until recently, unanimity of opinion among bankers seemed impossible of attainment. Now, however, a definite step forward has been made, largely through the instrumentality of the International Chamber of Commerce. That body for some years has been making exhaustive researches into the business, and in the course of its labours has gathered together in Paris a mass of documentary evidence on the subject. By the courtesy of Mr. Owen Jones, the British Commissioner of the Chamber in Paris, the author is able to produce a summary of the findings, first, of the Standing Committee on Commercial Documentary Credits, secondly, the Uniform Regulations which were finally approved at the Amsterdam Conference of the International Chamber of Commerce in July, 1929.

The following is the Report of Mr. Jean Gurtler, the Rapporteur of the Committee, issued in November, 1929—

"The Council of the International Chamber, at its twentieth meeting on 5th March, 1926, considered a report presented by the American National Committee on the advisability of unifying the documentary credit regulations

previously adopted and published by banking associations in various countries.

"In its report the American National Committee expressed the opinion that agreement on this matter would be of immense service to international commercial and banking interests, and might usefully serve to smooth away numerous difficulties likely to arise in international transactions owing to the multiplicity of regulations differing from one another. An inquiry among National Committees to find out whether they approved of the matter being placed upon the agenda of the International Chamber showed that they regarded the question as one of great importance. The same view was taken by the Council, and at its meeting on 20th October, 1926, it decided to refer the matter to the Standing Committee on Bills of Exchange and Cheques.

"This Committee, composed of authorities on international banking, finance, and law, appointed experts with a special knowledge of documentary credits and the commercial customs of the various countries to prepare a draft. Existing regulations were thoroughly analysed, and on the basis of this study a draft was presented to the Committee at its meeting of 7th and 8th February, 1927. After discussion the draft was submitted by International Headquarters to all National Committees, asking them to give their considered opinion after consultation with the various banking associations in their respective countries. The replies given in great detail revealed the great interest aroused by this question. However, as there was only a short interval between the date on which the draft was sent and the next meeting of the Committee on 27th April, 1927, it was decided to ask the Stockholm Congress to extend the time given to the Committee for this work, and to appeal to banking associations for their collaboration through National Committees. As a result of this appeal, there was a notable increase in the number of commentaries prepared by banking and commercial interests and

communicated to International Head-quarters by the various National Committees. Further consideration of the draft enabled the Committee to accept several suggestions that appeared to it to be in the interests of international trade.

" In preparing this draft, the Committee was careful to avoid any provision that was not specifically international in character. This being the case, it would seem that the regulations approved by the Amsterdam Congress might furnish a useful basis for the transaction of business operations carried out by means of documentary credits. The Committee proposes that banking associations of all countries should adopt these regulations, which will soon doubtless become the regular banking practice in all countries to the greater benefit of international exchanges and of trade having to do with them.

" In order to obviate any difficulty with regard to the interpretation of terms in instructions to open credits, it seems desirable that every demand for or confirmation of the opening of a credit between customers (buyers) and their bankers, and between notifying banks and beneficaries, should mention that the credit is drawn up in accordance with the uniform regulations for commercial documentary credits of the International Chamber of Commerce. The wide adoption of this practice would enable the value of the regulations to be determined by experience, and would meet various legal difficulties raised when the draft was discussed. In case of legal decisions affecting the regulations on any point, such decisions should be brought to the knowledge of the International Chamber by its National Committees. The body of information thus collected could be used as a precedent for the solution of difficulties arising in the future. If any point in the regulations is later shown to be faulty, it could be submitted to a further conference for amendment.

" The Regulations are divided into five parts: Form of Credits, Liability, Documents, Interpretation of Terms, Transfers.

" In the first part, the Committee reduced the numerous terms in use to two, Revocable and Irrevocable Credits.

" Formerly, Revocable credits were frequently called ' simple ' credits, or ' non-confirmed ' credits, but these terms seemed to be liable to misunderstanding, and ' revocable ' implying as it does more clearly the power of revocation or cancellation is less likely to be misunderstood. This class of credit is nothing more than authority to pay, negotiate or accept, given by customers to their banks in favour of certain beneficiaries. Notification by the bank to the beneficiary does not in any way bind the bank, as the customer has the right to make changes or to cancel the credit. The question of when a change or cancellation takes effect has frequently led to discussion and legal proceedings, and was carefully considered by the Committee. Legally the banker acts as agent, and as such his authority is modified or cancelled as soon as he receives instructions to that effect from his client. If the opening of a revocable credit has been transferred for operation to a correspondent at the request of the client, the latter's instructions with a view to modification or cancellation can only take effect upon their receipt by the correspondent. It is, therefore, impossible that, as a result of notification of the opening of a credit, its duration be extended until notification of cancellation is received by the beneficiary. Nor does this entail any obligation upon the banks to notify the beneficiary of such a measure, although this is often done. Nor does the fact of having acted upon receipt of a notification of the opening of a revocable credit (by buying, starting to manufacture, etc., an article) in any way bind the agent, as in this case such action becomes a matter of confidence existing between beneficiary and customer (buyer and seller).

" In Europe irrevocable credits were often called ' confirmed credits,' an expression implying the pre-existence of a firm credit, as the word ' confirm ' is derived from " confermare." As a firm or irrevocable credit can only

be constituted by the undertaking of a bank, ' irrevocable ' would seem to be a more suitable expression. The conception, at first strongly urged, that irrevocable credits become confirmed credits immediately the beneficiary is notified by the bank having given this facility to its client, was finally abandoned. In fact it did not seem logical that a documentary credit in favour of a third person should bind a bank irrevocably, when the bank had not notified the beneficiary in writing that the credit had been opened. It is, therefore, the notification that a credit is opened, that must make the credit irrevocable, and from the exchange of views it appeared that notification was considered as a confirmation, whence the name ' confirmed credit.' It was also proposed that irrevocable credits, after notification by a correspondent, were to be confirmed by this correspondent in order that the beneficiary should be able to obtain a firm undertaking from a local bank. This suggestion also had to be abandoned, as it was shown that a bank opening a credit abroad may be sufficiently known in commercial circles to make it possible to dispense with confirmation of its signature by a local bank. It was also thought that, in case of doubt, the beneficiary could always obtain the information required from the correspondent or from abroad, thanks to the means of rapid communication at the disposal of the public. However, the irrevocable credit may be confirmed, for instance, when the buyer's bank, issuing a credit, is not sufficiently known, or when the seller is anxious to have an explicit undertaking from a local bank to ensure payment for the goods on the spot, and to render the credit subject to the laws of his country. In this case it would be for the seller to make known his intentions to the buyer at the time the contract is concluded, as this kind of operation entails heavier expense and, therefore, calls for additional care in establishing the conditions of sale. In this case the buyer's bank must be asked to have its irrevocable credit confirmed by a financial establishment in the seller's country, and the

credit would thus be a confirmed irrevocable credit on the strength of the undertakings of two banks, such as is alluded to in Section A, § 7.

" Commercial letters of credit have been much discussed. This document, which is commonly used and the value of which is universally recognized, represents the opening of a completely irrevocable credit, including as it does the notification of the opening of the credit and the firm undertaking on the part of the issuer to accept or honour the credit himself or to have it accepted or honoured by another financial establishment given by name. Well known as it is, this document does not seem to be in use in many countries, and, for them, a description has been given in Section A, § 9. It should be added that the document is subject to the same fundamental rules as documentary credits notified in the usual way through a correspondent. Commercial letters of credit, as every other irrevocable credit, may be confirmed by a second bank in the form of a separate undertaking by letter.

" The second part of the Regulations deals with the liability of banks towards their clients as regards the execution of orders. It has been alleged that under the provisions of this part, banks have no liabilities at all, but this is exaggerated, as the banker is not in a position to judge the legal value, etc., of documents nor to verify the description, quantity, weight, quality, etc., of the goods dealt with in Section 2. Banks cannot be held liable for the acts or decisions of others that are not within their control. That banks are liable for professional errors or faults of their staff is not open to question, but this cannot apply when they do their best to interpret cables or translate technical terms, as this is no part of a bank's business. It is the duty of the customer to obtain information in advance as to the solvency or standing, etc., of the person in whose favour the credit is opened, in order to make sure that orders will be faithfully carried out, despite the fact that it is customary for financial establishments to surround

themselves with guarantees when they deem it necessary. But they can only make their inquiries after they have received the order and the information can only serve as a guide for the future.

" The question of ' documents ' dealt with in the third part of the Regulations, has given rise to various criticisms. The Committee did all in its power to meet the wishes expressed, and has done its best to make the documents required for good delivery conform to shipping and commercial custom, etc.

" Paragraph 1 deals with documents that are regarded as acceptable by banks, when the customer does not specify, at first, which ocean shipping documents are made out in a negotiable or transferable form. As regards inland transport, various documents are employed, but apart from bills of lading and railway way-bills used in North America, shipping documents, such as counterfoil way-bill, postal receipt, and railway consignment note, are not transferable, so that they can only serve as security for the banks under certain conditions. In Europe, under the Berne Convention, the consignor remains in possession of the goods until delivery. For instance, if damage occurs in transit, it is the consignor who is notified and has the right to make a claim. Thus property in the goods always remains with the consignor. In addition the numerous customs barriers in Europe set up obstacles to the direct consignment of goods from one country to another, and it is necessary to have recourse to forwarding agents at the frontiers in order to pass the goods through the customs and forward them. Customers and their bankers should, therefore, furnish the most detailed instructions possible for credits opened in other European countries, involving railway carriage in Europe.

" Paragraphs 2 to 18 define the form and the general conditions attaching to documents which banks have the right to accept as good delivery under credits, in the absence of instructions to the contrary. The established custom

in most countries that banks are free to accept 'received for shipment' or 'alongside' bills of lading has been followed in the Regulations, taking into account the evolution of maritime practice within the past two decades. It was urged that companies operating regular services for which there is great demand are obliged to make up their cargoes and receipt for them by such bills of lading. The loading and departure of a vessel often takes place at very short notice, and if sellers were obliged to present documents stating that goods are actually 'on board,' it would only be possible to obtain shipping documents after the departure of the vessel.

"The proposals put forward by the delegates of countries that had no sea-ports were also accepted, and banks were given the right to accept bills of lading issued inland by the official agents of steamship companies. This method has the advantage of enabling the consignor to present his documents in time to reach the destination when the steamship arrives with the goods, and thus makes it no longer necessary for buyers to deposit securities, always a costly procedure, with the steamship companies and/or Customs authorities at the port of destination, before taking delivery or passing the goods through the customs. Under the expression 'unless otherwise instructed,' which heads this section and applies also to Sections D and E, the buyer or customer has the right to require bills of lading stipulating that the goods are actually 'on board,' and to exclude any other shipping document. This seems particularly called for when departures are infrequent or when as consideration for a purchase a contract of sale exists with a date of delivery not long after the date of loading. On the other hand, the buyer is free, subject to the approval of the bank granting the credit, to have any other document accepted as good delivery that he pleases, such as a bill of lading issued by a forwarding agent or 'on deck' or 'sailer' bills of lading, or even a document bearing reservations as to the apparent good order and condition

of merchandise. This applies also to insurance documents and others. As regards insurance documents, it was decided to make reservations regarding the insurance against ' all risks ' clause to meet the case when, unknown to the banks, certain risks are not covered by the clause, this expression being commonly employed in insurance.

" As a result of increasing efforts made in all countries to maintain currency stability, it has been decided not to insert a special clause providing that insurance should be covered, exclusively in the currency stipulated in the documentary credit.

" Section D of the Regulations deals with the interpretation of terms used in credits, and, as in the previous section, terms may be changed if special instructions are given by the customer. A variation not to exceed 10 per cent more or less is allowed for the term ' about.' It was pointed out during the discussion of the draft Regulations that the percentage varied according to the branch of trade. However it was not possible to define these variations, and in connection with the financing of goods where the percentage of variation is less, the customer must specify the percentage, and have a credit made out for no more than the amount involved plus this percentage.

" Objections have been made with regard to ' partial shipments ' owing to the fact that in certain countries it was not customary to pay for ' partial shipments ' without instructions and only provided that the *pro rata* value could be determined. Statements made by those concerned showed that it was rather to the advantage of buyers and sellers to take deliveries to the fullest extent possible, and the Committee was, therefore, led to approve the proposals embodied in the Regulations.

" As regards determination of value, retail articles are rarely defined by price or quantity, whereas raw materials are usually defined by quantity, quality, and price, and the Committee in this connection decided to follow the customary practice.

" Paragraph 4 of this Section provides that the period of validity must be stipulated for irrevocable credits. This provision was made because an irrevocable undertaking might be subject to the laws governing prescription, and thus go far beyond the usual term of commercial banking undertakings. It was pointed out that the laws governing the coincidence of the stipulated date for payment with a Sunday or holiday differed from place to place, in other words, in some places the date was put back, in others put forward. For this reason it was decided in the Regulations that the dates would be as provided for in the law or custom of the place of payment. As regards the absence of a specified date in revocable credits, various suggestions were made for the expiration of the credit's validity, varying from three months to one year. After discussion, the Committee decided that the validity of such a credit would be considered to have expired six months from the date of the notification sent to the beneficiary, a time regarded as adequate for bringing the transaction to its close. During the discussion it was pointed out that orders for opening credits frequently mentioned the word 'departure.' It was considered that this expression was likely to give rise to legal disputes, as it seemed difficult to determine the date of the departure of the goods without another document made out by the port or railway authorities. Inquiry showed that in most cases the expression was used merely to specify the date of shipment, and it was, therefore, assimilated to the expressions dealt with in paragraph 8.

" Paragraph 9 provides that documents be presented without delay in the case of a revocable credit, valid until further instructions. Many points were raised regarding the interpretation of this paragraph, and it was generally considered that no time-limit could be fixed, as such a time-limit depended upon the time required for the documents to reach the beneficiary from the port of shipment, and the bank from the beneficiary. Logically, therefore, such a time-limit should include the time required for the

transmission of the documents after shipment or dispatch. It was decided not to deal with conditions of sale such as C and F, C.I.F., F.O.B., etc., and the Committee suggested that these terms be interpreted according to the definitions of trade terms given in the Digest published by the International Chamber of Commerce.

" The last section of the Regulations (Section E) deals with the possibility of transferring a credit from one beneficiary to another, which can only be done on instructions from the customer. In fact it was urged that in authorizing the beneficiary to arrange for the transfer to a third party, the customer should be made aware of the necessity for this and should even be informed of the second beneficiary, or if not rely upon the choice of first beneficiary as regards the delivery of the goods in question, in accordance with the instructions upon which the credit was based. The possibility of transferring a credit from a second to a third or fourth beneficiary seemed incompatible with banking and commercial custom. According to what was said, to effect such a transfer would be likely to entail error, as neither the buyer nor his bank might have any knowledge as to the standing or solvency of the final beneficiary. Such operations are inadvisable if transactions are to be effected in due order. It should also be noted that the credit is only transferable on the conditions and terms of the original credit, and logically charges entailed by such a transfer are to be borne by the person who demands it.

" The work of unifying the Regulations for Commercial Documentary Credits being accomplished, the Committee recommends their adoption by all banking associations, and that such adoption be notified to International Headquarters of the International Chamber of Commerce through its National Committees.

" The Committee suggests that the Regulations go into force on 1st April, 1930."

The Resolutions on Credits, passed at the Amsterdam

Conference on 8th to 13th July, 1929, were in the following form—

COMMERCIAL DOCUMENTARY CREDITS

(Original)

The International Chamber of Commerce approves the following uniform regulations on documentary credits.

Whereas such regulations are of the utmost importance to international banking and trade, and

Whereas the full benefit of these regulations can only be obtained if they are applied in the greatest number of countries,

Resolves:

That all National Committees be requested to call upon the banking and commercial organizations of their respective countries to apply these regulations, and

That International Headquarters be requested to use its influence to obtain the application of these regulations not only in countries belonging to the International Chamber of Commerce but also in all countries that have not yet formed National Committees.

UNIFORM REGULATIONS FOR COMMERCIAL DOCUMENTARY CREDITS

A. Form of Credits

1. Commercial Documentary Credits are essentially distinct transactions from sales contracts on which they may be based and with which banks are not concerned.

2. Commercial Documentary Credits may be either:
   (*a*) Revocable.
   (*b*) Irrevocable.

3. All credits, unless clearly stipulated as irrevocable, are considered revocable, even if a term of validity is indicated in the clause " unless revoked."

4. Revocable credits are not legally binding undertakings between bank and beneficiary. Such credits may be modified or cancelled at any moment without the bank being obliged to notify the beneficiary. When a credit of this nature has been given to a correspondent, its modification or cancellation can take effect only upon receipt of notification by the said correspondent or by the firm to which the latter has transferred the credit.

5. Irrevocable credits are definite undertakings by a bank in favour of the beneficiary. They can neither be modified nor cancelled without the agreement of all concerned.

6. Irrevocable credits may be notified to the beneficiary through an advising bank without responsibility on the latter's part when it has merely been asked to notify the beneficiary.

7. However an advising bank may be called upon by the issuing bank to confirm an irrevocable credit. In this case, the advising bank makes itself responsible for the undertaking given by the issuing bank as from the date on which it gives confirmation.

8 If in connection with such credits the period of validity is not stipulated, the beneficiary will only be advised of the credit for information, and the credit will only be confirmed when the duration of validity has been specified, and this implies no responsibility on the part of the advising bank.

9. When an irrevocable credit is opened in the form of a letter of credit, such letter of credit entails its notification and an undertaking by the issuing bank towards beneficiaries and holders in good faith to honour all drafts issued by virtue of and in conformity with the clauses and conditions contained in the document. The document itself may be transmitted or the issuance thereof notified by an advising bank without the latter becoming responsible

B. Liability

1. Banks shall examine all documents and papers with care sufficient to ascertain that on their face they appear to be in regular form

2 However banks assume no liability or responsibility for the form, sufficiency, correctness, genuineness or legal effect of any documents or papers, or for the description, quantity, weight, quality, condition, packing, delivery or value of goods represented thereby or for the general conditions stipulated in the documents, or for the good faith or acts of the consignor or any other person whomsoever, or for the solvency, standing, etc , of the carriers or insurers of the goods

3. Banks assume no liability or responsibility for the consequences arising out of delay and/or loss in transit of cables, letters and/or documents, or for delay, mutilation or other errors in the transmission of cables or telegrams, or for errors of translation or interpretation of technical terms, and banks reserve the right to transmit credit terms without translating them.

4 Banks assume no liability or responsibility for consequences arising out of the interruption of their business either by a decision of a public authority, or by strikes, lock-outs, riots, wars, causes beyond their control, or acts of God On credits expiring during such interruption of business, the banks will be able to make no settlement after maturity except on specific instructions from the customer.

5. Banks opening a credit abroad assume no liability or responsibility towards their customer, unless they themselves are at fault, should the instructions they transmit be carried out abroad otherwise than in accordance with the present

regulations. The customer is responsible to the banks for all obligations imposed upon the latter by foreign laws and customs.

C. Documents

1. When banks receive instructions to pay against documents, shipping documents, or words of similar import without further specification, they shall consider themselves authorized to honour the following documents in negotiable and transferable form, in particular:

Full set of ocean bills of lading,
Policy or certificate of insurance,
Invoice,

or in case of inland shipments:

Bills of lading or other similar documents such as,
Counterfoil waybill or postal receipt, or railway consignment note, etc.,
Policy or certificate of insurance,
Invoice.

Banks have the right to waive insurance papers if the beneficiary furnishes proof satisfactory to them, that the goods are insured by the consignee.

Unless otherwise instructed the Banks will interpret the undermentioned terms contained in commercial credits as follows :

2 *Bills of Lading.*

Banks may accept—when bills of lading are required—" received for shipment " or " alongside " bills of lading.[1]

3. For shipments of cotton from the United States, banks are authorized to accept bills of lading drawn under the Liverpool Convention, that is to say " Port—" or " Custody Bills of Lading."

4. Banks will also accept ocean bills of lading permitting transhipment, outside the usual printed clause, on condition that the entire voyage be effected under one and the same bill of lading, unless the credit specifies direct shipment. In any case, when a bill of lading for shipment by steamer is requested, banks may consider themselves authorized to accept bills of lading for shipment by motor vessel.

5. " Through Bills of Lading " issued by official agents of steamship companies may be accepted, but bills of lading issued by forwarders will be refused, as also bills of lading for shipment by sailing vessels.

6. The date of the bill of lading, railway receipt, counterfoil waybill, postal receipt in each case will be taken as evidence of shipment or dispatch.

7 When " On Board " shipment is required and such shipment is represented by an " On Board " Bill of Lading, the bill of lading date will be taken as evidence that the goods have been shipped on or before that date. If evidenced by " On Board " endorsement, the endorsement date will be so taken.

[1] See p 143, " Reservations by British Delegation "

8. Shipping documents bearing reservations as to the apparent good order and condition of merchandise shall be refused.

9. Banks have the right to demand that the name of the beneficiary appear on the Bill of Lading as shipper or cedant, or that the Bill of Lading be made out to order of beneficiary and endorsed in blank by the latter

10. *Insurance.*

Banks have the right to accept either insurance policies or underwriter's insurance certificates, unless insurance certificates are expressly excluded.[1]

11. Banks may accept insurance coverage which at least equals the invoice value of the goods, or the amount of the settlement if latter is higher.

12. In the absence of specification as to risks to be covered the bank may accept ordinary marine insurance.

13. If an insurance policy or certificate is required on overland shipments, banks may accept insurance policies covering ordinary transportation risks.

14. When credits stipulate "insurance against all risks" banks will see that the documents are as reasonably complete as possible, but cannot be held responsible if certain risks are not covered.

15. *Invoices*

Invoices must be in the name of the person for whose account the credit is opened or any other person appointed by same.

16. Banks may insist that the description of the goods appearing upon the invoices shall agree with the terms of the credit. As regards quality, banks are only obliged to see that the description of the invoice agrees with that of the credit. They may, however, accept shipping and insurance documents in general terms.

17. *Other documents.*

When other documents, such as consular invoices, certificates of weight, of quality or of analysis, are called for, without further definition, the banks may accept such documents as presented.

18. As proof of weight in case of railway carriage, the banks may refer to the notation of weight usually appearing upon railway receipts or upon the counterfoil waybill if officially authenticated.

D. Interpretation of Terms

1. "*About*" *or* "*Circa.*"

This term to be construed as allowing a variation not to exceed 10 per cent more or less in respect to the quantity or the value of the merchandise.

2. "*Partial Shipments.*"

[1] See p. 143, "Reservations by British Delegations."

Unless otherwise instructed, banks may pay for partial shipments, even if their *pro rata* value cannot be determined.[1]

3. If shipment by instalments within given periods is specified, each instalment shall be treated as a separate transaction. The instalment not shipped at the given period cannot be added to subsequent shipments and is *ipso facto* cancelled. Banks will, however, continue to pay for subsequent shipments on condition that they are made at the given periods.

4. "*Validity.*"

The period for which all irrevocable credits are to remain in force must be stipulated. This period may be either a date of payment or date of shipment. If the credit does not specify which, the bank shall consider the date to be the date of payment and after its expiration shall refuse payment, even if the documents bear a date included within the date of payment.

5. The words "to," "until," "till" and words of similar import applying to dates of maturity, or orders are understood to include the date mentioned.

6. When the last stipulated date for payment falls on a Sunday, or public or local holiday, or upon any day upon which under local law or custom, payments cannot be demanded, the payment shall be made in accordance with the law or custom of the place of payment. This does not apply to the last day for shipment which must be respected whatever the day of the week.

7. The validity of a revocable credit, if no date is specified, will be considered to have expired six months from the date of the notification sent to the beneficiary by the bank with which it is opened and this bank will refuse payment after six months, unless its customer gives specific instructions to the contrary.

8. "*Loading, or shipment, or dispatch*"

"Prompt," "immediately," "as soon as possible," etc. These terms and others of similar import, are to be interpreted as a request for shipment and presentation of documents within thirty days from the notification to the beneficiary, unless a date has been stipulated. When the word "departure," in a commercial documentary credit or commercial letter of credit is used to specify the final date of shipment of goods, this term may be interpreted as similar to "shipment" or "loading" or "dispatch" and banks may be guided by the dates appearing upon bills of lading or other shipping documents.

9 "*Presentation.*"

When the date of shipment alone is specified in a credit, the documents must be presented without delay.

10. In the case of a credit payable on a certain date, the documents must be presented to the bank during the usual banking hours.

[1] See p. 143, "Reservations by British Delegation"

11. *" Prolongation."*

Any extension of the date of shipment shall extend for an equal length of time the date for presentation or negotiation of documents or drafts.

12. *Definition of date terms.*

The terms " first half," " second half " of a month shall be construed as from the 1st to the 15th, and the 16th to the last day of each month inclusive, respectively.

13. The terms " beginning," " middle " or " end " of month shall be construed respectively as from the 1st to the 10th, the 11th to the 20th and the 21st to the last day of each month

14. When a credit bears " good for one month, six months, etc.," and the customer has not specified the date from which the term is to run, the term shall run from the date on which the order has been given.

E. Transfers

1. A credit can only be transferred on the express authority of the customer In this case the credit can be transferred only once, and on the terms and conditions specified in the original credit, including duration of validity

2 Authority to transfer a credit covers authority to transfer it to another place. Bank charges entailed by such transfer are payable by the original beneficiary unless otherwise specified During the validity of the original credit, payment may be made at the place to which the credit has been transferred.

Reservations by the British Delegation

(based on accepted banking practice in Great Britain)

Section C, paragraph 2 : " Received for shipment," or " alongside " bills of lading are not accepted by British banks as goods delivery unless specifically authorized

Section C, paragraph 10 : It is not the practice in London to accept a certificate of insurance without specific instruction (the British Courts having decided on more than one occasion that a certificate of insurance was not a good delivery where a policy of insurance was called for).

Section D, paragraph 2 : This paragraph should be worded as follows : Unless otherwise instructed banks may not pay for partial shipments.

CHAPTER XI

THE POLICY OF AMERICAN BANKS IN REGARD TO LETTERS OF CREDIT—EXPORT COMMERCIAL CREDITS—REGULATIONS ADOPTED BY THE NEW YORK BANKERS' COMMERCIAL CREDIT CONFERENCE, 1920

In conjunction with the work of a former bankers' commercial credit conference, which had been engaged in the United States in endeavouring to perfect a system of uniform commercial credit instruments, an attempt was made to ascertain the policy of the banks in regard to credits. A questionnaire was issued, from which we select questions and answers dealing with American policy, as set forth by the American Acceptance Council. The information is of interest both to commercial men and to bankers in England.

American Policy

Question : What in general has been your experience with Dollar Credits opened by banks in this country as compared with your experience with Sterling Credits issued by London banks ?

Answers.

Prefer dollar exchange—legal advantage.

(*a*) " We see no difference between a dollar credit and a sterling credit as such, in fact, a credit in any currency, aside from the slight fluctuations in exchange during its pendency, has little or no bearing on business experience. It is our custom to study each instrument that is furnished us, irrespective of the bank or country of origin, and it is only by experience that one learns what is safe and what is unsafe. A credit issued by a bank in the United States is, of course, preferable to one issued abroad, but the only advantage that it affords is the ease of securing legal service in the event of default, and in a matter of credit this advantage should be negligible as a bank, no matter where located, should meet its credit obligations without the necessity for law suits. Our own experience is that vigilance and care in scrutinizing the form of instrument furnished and insistence on the elimination of improper or irregular stipulations is the only way of avoiding subsequent misunderstandings and repudiations."

Prefer sterling exchange—more liberal charges

(*b*) " It is observable that American banks are less liberal in their concessions of both interest and commission charge when drafts under their credits are taken up under rebate."

Wider experience

(*c*) " Although the increasing use of dollar credits is making such foreign trade financing more satisfactory, and most American banks are now in position to issue both dollar and sterling credits, the wider experience and more intimate knowledge of foreign trade on the part of London banks, almost invariably produces more satisfactory banking service when use is made of sterling credits issued by English banks, and the same can be said of the dollar credits now frequently issued by English banks.

(*d*) " Our experience with dollar credits, in fact with all the credits applied for, has been perfectly satisfactory from every standpoint, but we can conscientiously say we consider that the Foreign or what we might term the English banks seem to handle and understand the letter of credit business perhaps more fully than the American banks. The American banks, in our opinion, during the war had a great opportunity to build up the letter of credit business, but we consider that they have at times given credit where it was not advisable and, for this reason perhaps, they have at times over extended themselves."

Easier conversion

(*e*) " The only objection to the use of dollar credits is that they have not the universal facility of exchange and conversion that a sterling has. The process of cover of exchange by banks requires a freedom of movement through cross currents that our restricted export trade does not permit."

The purpose of the remaining questions was to secure constructive criticism for the development of American credits. The majority of the answers express satisfaction with dollar credits, and in fact, some replies indicate a preference for dollar over sterling credits. One reason, as stated in answer (*a*), is the advantage of being able to bring suit against the issuing bank in the event of default on its obligation. On the other hand, several responses compare sterling and dollar credits to the disadvantage of the latter as shown in answers (*b*), (*c*), (*d*), and (*e*). The criticisms levied against the practice of American banks may be summarized as follows: (1) Higher interest and commission charges; (2) inexperience in handling credits;

(3) unwise extension of credit; (4) restricted exchange market. The causes of these defects are apparent. The United States has entered only recently the field of financing foreign trade, and therefore commercial education is limited, credit information is lacking, and their acceptance market is still narrow.

Comparison between British and American Methods.

Question : What suggested changes as to practice have you had from your correspondents abroad in connection with letters of credit issued by banks in this country ?

Have they made any comparison of methods here with English methods ?

Question : What in your opinion should banks in this country do—

(*a*) to make dollar credits more effective ?

(*b*) to hold and develop the letter of credit business here ?

Answers :

Draw bills of longer maturity

(*a*) " Banks in the U.S.A. appear unwilling to issue credits providing for drafts of a issuance for six or even four months' sight. Six months' drafts have long been common in the China trade and no discrimination thereagainst, we believe, has been made by the British banks Whether the real obstruction lies in the Far East or in the discount market here, we are not decided."

Broaden discount market

(*b*) " They should seek to broaden the discount market for long bills. The position of the American banks operating abroad needs to be more firmly established and such banks should be prepared to study more closely the particular requirements of traders in their various localities."

Open foreign branches

(*c*) " Open branches in foreign countries."

Assume greater responsibility

(*d*) " In our opinion American banks should accept the same responsibility in opening credits as English banks do. This would give more protection to the merchants, as the bank would undertake to make payment to the beneficiary of the credit only on the exact terms of the contract purchase. As matters stand at present we have had the sad experience that some of our shippers have shipped goods out of time ; also invoiced these goods at the wrong price, and invoiced the wrong weight. The result has been that we have lost a considerable amount of money."

(*e*) " English banks accept more responsibility in connection with the issuance of letters of credit than American banks. When opening letters of credit through English banks, it is customary to state exactly the contract terms, such as quality of the article, shipment, port of shipment, price of the goods bought, and the bank is responsible to us that the goods are shipped strictly in accordance with particulars given. American banks are in the habit of opening credits only stipulating the article and the value of the goods. They do not undertake to see that they are invoiced at the correct price, or that the bills of lading are in accordance with the purchase."

Compare documents and credits with more liberality

(*f*) " We think it advisable where a foreign credit is opened in future by shippers that the terms and conditions of application be adhered to strictly by the accepting bank. In other words, we think the bill of lading should be in exact conformity with the credit application ; also, if possible, the price and the amount, etc. We find this a safeguard against irresponsible shippers as unless they live up to conditions of the credit the accepting bank should refuse to accept. Of course, the accepting bank would not know if the quality, etc., was all right, but we feel under the existing low values where an advance might come about that the issuer of the L/c should have all protection possible."

(*g*) " We have found, from time to time difficulties with the banks here who have interjected stipulations of their own which were never intended by the banks to their New York correspondent, and the instrument issued by the New York bank differed very materially from the letter of instructions from the foreign bank. This practice, which has gradually come more and more into vogue, and to a certain extent is the result of unified action among the American banks, causes needless irritation between supplier and foreign buyer, and should be eliminated in the interest of American commerce. The only comparison of methods between American and English banks might be expressed in this way. We have always found that the manager of an English bank had personal experience to guide him in connection with the adjustment of any difficulties arising under the terms stipulated in a credit, but that in American banks there was either the lack of experience or the lack of authority and that many matters which would be amicably and readily adjusted with the manager of an English bank, through his experience, would be practically impossible of adjustment with the manager of the foreign or the credit department of an American bank and oftentimes result in the reference of the principle to the bank's legal department who are in no way qualified by experience or by legal precedent to give a proper reply."

(*h*) " Letters of credit should state very plainly all the

conditions under which the purchase or sale was made and what, if any, latitude is to be allowed regarding the quantity and time of shipment. A case was recently called to our attention in which a bank here refused to honour a credit opened against a lot of 2,000 bags of a certain commodity for the reason that the documents called for 1,995 bags. A certain latitude, usually 5 per cent, is considered permissible in the quantity shipped, but in view of the many difficulties which have arisen lately, it would be well to have this point clearly elucidated in the letter of credit."

Standardized documents

(*i*) " They should have a standardized form that is written as plain as can be written, just what is to be expected from the letter of credit. It should state clearly on its face whether it is revocable or irrevocable ; whether it is confirmed or unconfirmed. It should carry on the reverse side definitions of what is to be considered the standard practice under letters of credit, viz.—whether or not partial shipments will be paid for ; whether a (proper) bill of lading is to be accepted, or whether an (on board) bill of lading. If no expiry date is given on the face of the credit, it will lapse one year from date drawn, and such other definitions as the practice of those interested in foreign trade have found expedient to have clarified."

(*j*) " The adoption of a standard form of letter of credit and the elimination of technicalities in connection with establishing these credits, and making payments against same."

(*k*) " Changes in practice we think should originate in issuing credits in the United States, as there is little or no uniformity in the forms of advice now employed by United States banks."

As both questions solicit expressions of opinion from American commercial houses and their foreign correspondents on the one question of the relative value of American credits, the results can be summarized best by combining all replies. The first three answers offer suggestions as to the general policy of American banks. The recommendation contained in (*a*) has already been carried into effect by the Board's recent ruling permitting Federal Reserve banks to purchase in the open market bills of exchange with a maturity of six months. It is urged that the discount market be broadened and the number of branches in foreign countries extended—(*b*) and (*c*). Answers (*d*) and (*e*), advise American banks to assume

greater responsibility in their handling of commercial credits. These institutions are also asked to adopt a more liberal policy in applying and comparing the documents presented by the exporters with the terms stated in the credits(—*g*) and (*h*). Mercantile houses are strong in support of the movement for attaining standardization in commercial credit forms and uniformity in practice—(*i*), (*j*), and (*k*). Along these lines satisfactory progress has already been effected by committees representing the interests of banks and merchants.

Export Commercial Credits

(Regulations adopted by the New York Bankers' Commercial Credit Conference, 1920)

As a fitting conclusion to this book, and for purposes of reference, we give below a copy of the regulations adopted at the New York Bankers' Commercial Credit Conference. The Conference opened in America at the beginning of the year 1920, and its deliberations lasted for a considerable time ; and, as the result of its labours, the report embodying the conclusions arrived at by the Conference, after an exhaustive examination of the many vexed questions that arise, was issued in the autumn of 1920.

As the British Institute of Bankers points out, the Conference was called with the object of taking steps to avoid the risks to the banks involved in accepting as bills of lading some of the documents issued as such by many of the shipping companies. That similar problems face the banks in this country will be plain from what we have written in previous chapters, but principal among the practices to which objection is made is the growing one of issuing what the Americans call " transportation bills of lading," that is, bills of lading in the form " Received for shipment," or some similar form which does not state that the goods have been shipped on board a named vessel. The risks to the bank in accepting such bills of lading without definite instructions, as the Editor of the

Journal of the Institute of Bankers says, are fairly obvious since if, " by reason of a falling market or an adverse exchange rate, a consignee wishes to evade a contract, he may endeavour to shift the loss on to the banker by arguing that the credit stipulates for payment against bills of lading or usual shipping documents, and that a document in this form is neither a bill of lading nor a usual document. Or again, some credits stipulate that the goods shall be shipped by a definite date. A bill of lading in the form ' Received for Shipment ' gives no clue to the actual date of shipment, and the named vessel is sometimes not even in the port of loading when the bill is issued. Counsel to the American banks points out the further disadvantage that a bill of lading in this form does not create a lien upon any ship for carriage, and consequently lacks one of the originally important characteristics of a bill of lading."[1]

The following are the regulations in question—

Payments under Export Commercial Credits advised to the undersigned are made in conformity with the following regulations, which are in accord with the standard practice adopted by the New York Bankers' Commercial Credit Conference of 1920—

1. We assume no liability or responsibility for the form, sufficiency, correctness, genuineness or legal effect of any documents, or for the description, quantity, quality, condition, delivery or value of the merchandise represented thereby, or for the good faith or acts of the shipper or any other person whomsoever; but documents will be examined with care sufficient to ascertain whether on their face they appear to be regular in general form.

2. We will interpret the terms " documents," " shipping documents," and words of similar import, as comprehending only ocean bills of lading (sailer bill of lading included) and marine and war risk insurance, in negotiable form, with invoices.

3. Unless specifically otherwise instructed, we will accept " received for transportation " bills of lading in the form

[1] *Journal of the Institute of Bankers*, vol. xli, p. 269 *et seq.*

customarily issued in New York. (The steamship lines constituting the Transatlantic Conference state that the customary procedure necessitated by American port conditions is to issue bills of lading against the receipt of goods into the custody of the steamship owners or agents, for transportation by a named steamer, and failing shipment by said steamer, with liberty to ship in and upon a prior or following steamer. They state that it is not possible here to issue "on board" bills of lading, but have agreed, after the goods are loaded, so far as reasonably practicable, to endorse on the bills of lading, if returned for the purpose by the shippers, a dated clause to the effect that the within goods have been loaded on board, specifying any portion that has been "short shipped." They represent, however, that such procedure will not be reasonably practicable in all trades, nor in any trade at all times, and where used, on account of the delay involved, may result in the merchandise arriving at destination in advance of the bills of lading. When specifically requested by a correspondent, we will request the "on board" endorsement, and obtain it, where practicable.)

4. When the "on board" endorsement is not specifically requested by a correspondent, or it is impracticable to obtain it, the date of the bill of lading will be taken to be the date upon which shipment has been effected. When the "on board" endorsement is obtained, the date of such endorsement will be taken to be the date upon which shipment has been effected.

5. Instructions shall be interpreted according to our law, and customs, but in any event, in accordance with the following general rules—

(*a*) Forwarders' bills of lading will not be accepted, unless specially authorized. Railroad through bills of lading will not be accepted, except on exportations to the Far East via Pacific ports, unless expressly stipulated.

(*b*) Bills of Lading shall contain no words qualifying the acceptance of the merchandise in apparent good order and condition. If "on board" bills of lading are stipulated, they shall acknowledge receipt of the goods on board a named vessel. Otherwise, "received for transportation" bills of lading, which acknowledge the receipt of goods into the custody of the steamship owners or agents for transportation by a named steamer, and failing shipment by said steamer with liberty to ship in and upon a prior or following steamer, will be accepted, and insurance certificates, if required, shall cover shipment correspondingly.

(*c*) Documents for partial shipments will be accepted, even if the *pro rata* value cannot be verified, unless expressly prohibited.

(*d*) The use of "to," "until," "on," and words of similar

import, in indicating expiration, is interpreted to include the date mentioned.

(*e*) When the indicated expiration date for payment falls upon a Sunday or legal holiday here, the expiration is extended to the next succeeding business day.

(*f*) The terms "prompt shipment," "immediate shipment," "shipment as soon as possible," and words of similar import, shall be interpreted as requiring shipment to be effected, and (if the credit advice is without expressed duration) the stipulated documents presented for payment within thirty days from the date of our credit advice.

(*g*) Our credit advice, if without expressed duration, shall not continue in force longer than one year from its date.

(*h*) The stipulated documents must all be presented not later than 3 p.m. (or twelve o'clock, noon, if Saturday), on the indicated expiration date.

(*i*) The terms "approximately," "about," or words of similar import shall be construed to permit a variation of not to exceed ten per centum.

(*j*) Definitions of Export Quotations will be those adopted by the National Foreign Trade Council, Chamber of Commerce of the U.S.A., National Association of Manufacturers, American Manufacturers' Export Association, Philadelphia Commercial Museum, American Exporters' and Importers' Association, Chamber of Commerce of the State of New York, N.Y. Produce Exchange, and New York Merchants' Association, at a conference held in India House, N.Y., on 16th December, 1919.

6. Correspondents will understand that the above regulations shall govern in all credit transactions in the absence of other specific agreements. If the beneficiary shall make representations, or shall offer security, satisfactory to the bank, that no loss shall result to its correspondent or client by the waiver of any such regulations or any instruction, the bank reserves the right to make such waiver, and shall recognize no claim in the premises unless substantial direct damage shall be shown to have resulted.

INDEX

PRINTED IN GREAT BRITAIN AT THE PITMAN PRESS, BATH
C—(1895)

PITMAN'S
BUSINESS HANDBOOKS

An Abridged List of Practical Guides for Business Men and Advanced Students

The Prices contained in this book apply only to Great Britain

Complete List of Commercial Books Post Free on Application

BOOK-KEEPING AND ACCOUNTS

ADVANCED ACCOUNTS. Edited by ROGER N. CARTER, M.Com., F.C.A. In demy 8vo, cloth gilt, 1058 pp. **7s. 6d.** net.
KEY. By R. A. GOODMAN. In demy 8vo, cloth, 954 pp. **20s.**

AUDITING, ACCOUNTING, AND BANKING. By FRANK DOWLER, A.C.A., and E. MARDINOR HARRIS, *Associate of the Institute of Bankers.* In demy 8vo, cloth gilt, 328 pp. **7s. 6d.** net.

THE PRINCIPLES OF AUDITING. By F. R. M. DE PAULA, O.B.E., F.C.A. Fourth Edition. In demy 8vo, cloth gilt, 242 pp. **7s. 6d.** net.

AUDITORS: THEIR DUTIES AND RESPONSIBILITIES. By F. W. PIXLEY, F.C.A., *Barrister-at-Law.* Twelfth Edition. In demy 8vo, cloth gilt, 732 pp. **21s.** net.

PRACTICAL AUDITING. By E. E. SPICER, F.C.A., and E. C. PEGLER, F.C.A. Fifth Edition. Size 10 in. by 6 in. Cloth gilt, 602 pp. **21s.** net.

AUDIT PROGRAMMES. By the same Authors. In demy 8vo, cloth gilt, 124 pp. **4s. 6d.** net. Eighth Edition.

COST ACCOUNTING. By W. B. LAWRENCE, C P.A., *Professor of Accounting, De Paul University.* In demy 8vo, cloth gilt, 543 pp. **21s.** net.

STORES ACCOUNTS AND STORES CONTROL. By J. H. BURTON. In demy 8vo, cloth gilt, 154 pp. **5s.** net. Second Edition.

CLUB ACCOUNTS. By C. A. HOLLIDAY, A.S.A.A. In demy 8vo, cloth, 80 pp. **3s. 6d.** net.

RAILWAY ACCOUNTS. By C. H. NEWTON, F.A.A., *Chief Accountant, London and North Eastern Railway.* In demy 8vo, cloth gilt, 256 pp. **10s. 6d.** net.

COST ACCOUNTS IN PRINCIPLE AND PRACTICE. By A. CLIFFORD RIDGWAY, F.C.A. In demy 8vo, cloth gilt, 120 pp. **5s.** net.

COST ACCOUNTS FOR THE METAL INDUSTRY. By H. E. PARKES, M.Com., A.C.W.A. In demy 8vo, cloth gilt, 156 pp. **10s. 6d.** net.

DOCUMENTS OF COMMERCE. By F. A. WILLMAN, Cert. A.I.B. In demy 8vo, cloth gilt, about 160 pp. **7s. 6d.** net. (In the Press.)

COSTS FOR MANUFACTURERS. By C. SMITH. In demy 8vo, cloth gilt, 100 pp. **5s.** net.

PRIMER OF COSTING. By R. J. H. RYALL. In demy 8vo, cloth, 115 pp. **5s.** net.

DICTIONARY OF COSTING. By the same Author. In demy 8vo, cloth gilt, 390 pp. **10s. 6d.** net.

THEORY AND PRACTICE OF COSTING. By E. W. NEWMAN, F.C.A. In demy 8vo, cloth gilt, 203 pp. **8s. 6d.** net.

COSTING AND PRICE-FIXING. By J. M. SCOTT MAXWELL, B.Sc., F.C.W.A. In demy 8vo, cloth gilt, 223 pp. **6s.** net. Second Edition.

ESTIMATING. By T. H. HARGRAVE. Second Edition. In demy 8vo, cloth gilt, 128 pp. **7s. 6d.** net.

COSTING ORGANIZATION FOR ENGINEERS. By E. W. WORKMAN, B.Sc., A.M.I.E.E., A.L.A.A., A.C.W.A. Second Edition. In demy 8vo, cloth, 96 pp. **3s. 6d.** net.

MANUAL OF COST ACCOUNTS. By JULIUS LUNT, F.C.A. (Hons.), F.C.I.S., F.C.W.A. Fifth Edition. In demy 8vo, cloth gilt, 238 pp. **7s. 6d.** net.

MANUFACTURING BOOK-KEEPING AND COSTS. By GEORGE JOHNSON, F.C.I.S. In demy 8vo, cloth gilt, 120 pp. **3s. 6d.** net.

COMPANY ACCOUNTS. By ARTHUR COLES. Fourth Edition. Revised by W. CECIL WOOD, A.C.I.S. In demy 8vo, cloth gilt, 408 pp. **7s. 6d.** net.

HOLDING COMPANIES. By A. J. SIMONS, A.C.A. (Hons.). In demy 8vo, cloth gilt, 198 pp. **10s. 6d.** net.

DICTIONARY OF BOOK-KEEPING. By R. J. PORTERS, F.C.R.A. Second Edition. In demy 8vo, 780 pp. **7s. 6d.** net.

THE BOOK-KEEPER'S VADE MECUM. By S. HOWARD WITHEY, F.C.I., A.L.A.A. In crown 8vo, 150 pp. **3s. 6d.** net.

INVESTIGATIONS: ACCOUNTANCY AND FINANCIAL. By J. H. BURTON. In demy 8vo, cloth, 162 pp. **5s.** net.

SECRETARIAL BOOK-KEEPING AND ACCOUNTS. By H. E. COLESWORTHY, A.S.A.A. In demy 8vo, cloth gilt, 364 pp. **7s. 6d.** net.

THE ACCOUNTANT'S DICTIONARY. Edited by F. W. PIXLEY, F.C.A., *Barrister-at-Law*. Third Edition. In two vols., crown 4to, half leather, 1100 pp. **£3 7s. 6d.** net.

MANUAL OF BOOK-KEEPING AND ACCOUNTANCY. By A. NIXON and H. E. EVANS, A.C.A. In demy 8vo, cloth, 330 pp. **10s. 6d.** net.

BOOK-KEEPING AND ACCOUNTS. By E. E. SPICER, F.C.A., and E. C. PEGLER, F.C.A. Seventh Edition. In crown 4to, cloth gilt, 466 pp. **20s.** net.

EXECUTORSHIP ACCOUNTS. By C. TOWNSEND, *Incorporated Accountant*. In demy 8vo, cloth, 116 pp. **5s.** net.

THE ACCOUNTS OF EXECUTORS, ADMINISTRATORS, AND TRUSTEES. By WILLIAM B. PHILLIPS, F.C.A., A.C.I.S. Sixth Edition. In demy 8vo, cloth gilt, 150 pp. **5s.** net.

APPORTIONMENT IN RELATION TO TRUST ACCOUNTS. By ALAN F. CHICK, *Incorporated Accountant*. In demy 8vo, cloth, 160 pp. **6s.** net.

BUSINESS BALANCE SHEETS. By F. R. STEAD. In demy 8vo, cloth gilt, 160 pp. **10s. 6d.** net.

BALANCE SHEETS. HOW TO READ AND UNDERSTAND THEM. By PHILIP TOVEY, F.C.I.S. In demy 8vo, cloth, 110 pp. **3s. 6d.** net. Second Edition.

MODERN METHODS OF BOOK-KEEPING. By R. H. EPPS, *Chartered Accountant.* In demy 8vo, cloth, 343 pp. **4s.** net.

A COURSE IN BOOK-KEEPING. By R. W. HOLLAND, O.B.E., M.A., M.Sc., LL.D. In demy 8vo, cloth, 290 pp. **4s.** net.

DEPRECIATION AND WASTING ASSETS, and Their Treatment in Computing Annual Profit and Loss. By P. D. LEAKE, F.C.A. Fourth Edition. In demy 8vo, cloth gilt, 257 pp. **15s.** net.

COMMERCIAL GOODWILL. Its History, Value, and Treatment in Accounts. By the same Author. Second Edition. In demy 8vo, cloth gilt, 272 pp. **15s.** net.

SINKING FUNDS, RESERVE FUNDS, AND DEPRECIATION. By J. H. BURTON, A.S.A.A. Second Edition. In demy 8vo, 140 pp. **3s. 6d.** net.

ACCOUNTING. By S. S. DAWSON, F.C.A. and R. C. DE ZOUCHE, F.C.A. In demy 8vo, cloth gilt, 290 pp. **10s. 6d.** net.

CONSIGNMENTS, ACCOUNT SALES, AND ACCOUNTS CURRENT. By E. J. HAMMOND. In demy 8vo, cloth, 160 pp. **5s.** net.

FOREIGN CURRENCIES IN ACCOUNTS. By A. E. HALLS. In demy 8vo, cloth, 156 pp. **5s.** net.

BRANCH ACCOUNTS. By P. TAGGART, A.S.A.A. In demy 8vo, 87 pp. **3s.** net.

BUILDERS' ACCOUNTS AND COSTS. By ROBERT G. LEGGE, F.C.W.A. In demy 8vo, cloth gilt, 130 pp. **3s. 6d.** ner.

HOSPITAL ACCOUNTS AND FINANCIAL CONTROL. By J. E. STONE, *Incorporated Accountant.* In crown 4to, cloth gilt, 160 pp. **21s.** net.

COMMERCE

LECTURES ON BRITISH COMMERCE, including Finance, Insurance, Business, and Industry. In demy 8vo, cloth gilt, 295 pp. **7s. 6d.** net.

THE THEORY AND PRACTICE OF COMMERCE. Edited by F. HEELIS, F.C.I.S., assisted by Specialist Contributors. In demy 8vo, cloth gilt, 620 pp., with many facsimile forms. **7s. 6d.** net.

QUESTIONS AND ANSWERS ON BUSINESS PRACTICE. By E. J. HAMMOND. In demy 8vo, cloth, 140 pp. **5s.** net.

THE PRINCIPLES AND PRACTICE OF COMMERCE. By JAMES STEPHENSON, M.A., M.Com., D.Sc. In demy 8vo, cloth gilt, 650 pp., with many facsimile forms. **8s. 6d.** net.

THE PRINCIPLES AND PRACTICE OF COMMERCIAL CORRESPONDENCE. By the same Author. In demy 8vo, 308 pp. **7s. 6d.** net.

THE PRINCIPLES OF COMMERCIAL HISTORY. By JAMES STEPHENSON, M.A., M.Com., D.Sc. In demy 8vo, 279 pp. **7s. 6d.** net.

THE PRINCIPLES AND PRACTICE OF COMMERCIAL ARITHMETIC. By P. W. NORRIS, M.A., B.Sc. (Hons.). In demy 8vo, 452 pp. **7s. 6d.** net.

MODERN BUSINESS AND ITS METHODS. By W. CAMPBELL, *Chartered Secretary*. In crown 8vo, cloth, 493 pp. **7s. 6d.** net.

THE PRINCIPLES OF BUSINESS. By C. W. GERSTENBERG, Ph.B., J.D. Fourth Edition. Size 5½ in. by 8 in., cloth, 821 pp. **16s.** net.

WHOLESALE AND RETAIL TRADE. By WILLIAM CAMPBELL, *Chartered Secretary* In demy 8vo, cloth gilt, 248 pp. **5s.** net.

THE BEDROCK OF MODERN BUSINESS. Edited by JAMES STEPHENSON, M.A., M.Com., D.Sc. In medium 8vo, cloth gilt, 840 pp. **15s.** net.

INSURANCE

THE PRINCIPLES OF INSURANCE AND THEIR APPLICATION. By J. ALFRED EKE. In demy 8vo, cloth, 186 pp. **5s.** net.

INSURANCE. By T. E. YOUNG, B A., F.I.A., F.R.A.S. Fourth Edition, Revised and Enlarged. In demy 8vo, cloth gilt, 460 pp. **10s. 6d.** net.

INSURANCE OFFICE ORGANIZATION AND ROUTINE. By J. B. WELSON, LL.M., F.C.I.I., F.C.I.S., *of Gray's Inn, Barrister-at-Law*, and F. H. SHERRIFF, F.I.A. Second Edition. In demy 8vo, cloth gilt, 292 pp. **7s. 6d.** net.

INSURANCE PRINCIPLES AND PRACTICES. By R. RIEGEL and H. J. LOMAN. Size 6 in. by 9 in., cloth, 450 pp. **16s.** net.

THE PRINCIPLES OF COMPOUND INTEREST. By H. H. EDWARDS, F.I.A. In demy 8vo, cloth gilt, 135 pp. **5s.** net.

THE ELEMENTS OF ACTUARIAL SCIENCE. By R. E. UNDERWOOD, M.B.E., F.I.A. Second Edition. In crown 8vo, cloth, 164 pp. **5s.** net.

BUILDING CONSTRUCTION, PLAN DRAWING, AND SURVEYING IN RELATION TO FIRE INSURANCE. By D. W. WOOD, M.B.E. In demy 8vo, cloth gilt, 164 pp. **6s.** net.

FIRE WASTE (LOSS OF PROPERTY BY FIRE). By G. E. KEAY, F.C.I.I., F.R.S.A. In crown 8vo, cloth gilt, 60 pp. **2s. 6d.** net.

AVERAGE CLAUSES AND FIRE-LOSS APPORTIONMENTS. By E. H. MINNION, F.C.I.I. In demy 8vo, cloth gilt, 286 pp. **8s. 6d.** net.

THE PRINCIPLES AND PRACTICE OF FIRE INSURANCE. By FRANK GODWIN. Third Edition. In demy 8vo, cloth gilt, 150 pp. **5s.** net.

THE LAW OF FIRE INSURANCE. By JOHN ROWLATT, B.A., *Barrister-at-Law*. In demy 8vo, cloth gilt, 208 pp. **7s. 6d.** net.

THE COMMON HAZARDS OF FIRE INSURANCE. By W. G. KUBLER RIDLEY, F.C.I.I. Second Edition. In demy 8vo, cloth gilt, 92 pp. **5s.** net.

FIRE POLICY DRAFTING AND ENDORSEMENTS. By W. C. H. DARLEY. In demy 8vo, cloth gilt, 204 pp. **7s. 6d.** net.

FIRE EXTINGUISHMENT AND FIRE ALARM SYSTEMS. By R. NORTHWOOD. In demy 8vo, cloth gilt, 224 pp. **7s. 6d.** net.

DICTIONARY OF FIRE INSURANCE. Edited by B. C. REMINGTON, F.C.I.I. In crown 4to, half-leather gilt, 480 pp. **30s.** net.

THE LAW AND PRACTICE AS TO FIDELITY GUARANTEES. By C. EVANS, *Barrister-at-Law*, and F. H. JONES. Second Edition. In demy 8vo, cloth gilt, 167 pp. **6s.** net.

INSURANCE OF PUBLIC LIABILITY RISKS. By S. V. KIRKPATRICK, F.C.I.I. Second Edition. In demy 8vo, cloth gilt, 152 pp. **5s.** net.

BURGLARY RISKS. By E. H. GROUT, B.Sc., A.C.I.I. In demy 8vo, cloth gilt, 326 pp. **10s. 6d.** net.

LAW OF NEGLIGENCE. By J. B. WELSON, LL.M., F.C.I.I., F.C.I.S. In demy 8vo, cloth, 122 pp. **5s.** net.

WORKMEN'S COMPENSATION INSURANCE. By C. E. GOLDING, LL.D., F.C.I.I., F.S.S. Second Edition. In demy 8vo, cloth, 112 pp. **5s.** net.

MOTOR INSURANCE. By W. F. TODD. In demy 8vo, cloth gilt, 176 pp. **6s.** net.

THE MARINE INSURANCE OF GOODS. By F. W. S. POOLE. Second Edition. In demy 8vo, cloth gilt, 440 pp. **15s.** net.

GUIDE TO MARINE INSURANCE. By H. KEATE. Seventh Edition. In crown 8vo, cloth, 255 pp. **3s. 6d.** net.

GUIDE TO LIFE ASSURANCE. By S. G. LEIGH, *Fellow of the Institute of Actuaries*. Third Edition. In crown 8vo, cloth, 192 pp. **5s.** net.

LIFE ASSURANCE FROM PROPOSAL TO POLICY. By H. HOSKING TAYLER, F.I.A., A.C.I.I., and V. W. TYLER, F.I.A. In demy 8vo, cloth gilt, 198 pp. **6s.** net.

DICTIONARY OF LIFE ASSURANCE. Edited by G. W. RICHMOND, F.I.A., and F. H. SHERRIFF, F.I.A. In crown 4to, half-leather gilt, 598 pp. **50s.** net.

THE PRINCIPLES AND PRACTICE OF PERSONAL ACCIDENT, DISEASE, AND SICKNESS INSURANCE. By J. B. WELSON, LL.M. In demy 8vo, cloth gilt, 133 pp. **5s.** net.

DICTIONARY OF ACCIDENT INSURANCE. Edited by J. B. WELSON, LL.M., F.C.I.I., F.C.I.S. In crown 4to, half-leather gilt, 814 pp. **60s.** net.

LAW OF ACCIDENT AND CONTINGENCY INSURANCE. By F. H. JONES, *Solicitor*. In demy 8vo, cloth gilt, 290 pp. **7s. 6d.** net.

PHYSIOLOGY AND ANATOMY. By H. GARDINER, M.S. (Lond.), F.R.C.S. (Eng.). In demy 8vo, cloth gilt, 428 pp. **10s. 6d.** net.

CASUALTY INSURANCE. By CLYDE J. CROBAUGH, M.A., and AMOS E. REDDING, B.S. In medium 8vo, cloth gilt, 788 pp. **25s.** net.

TALKS ON INSURANCE LAW. By Jos. A. WATSON, LL.B., B.Sc. In crown 8vo, cloth, 140 pp. **3s. 6d.** net.

PENSION AND SUPERANNUATION FUNDS. Their Formation and Administration Explained. By BERNARD ROBERTSON, F.I.A., and H. SAMUELS, *Barrister-at-Law*. Second Edition. In demy 8vo, cloth gilt, 144 pp. **5s.** net.

PENSION, ENDOWMENT, LIFE ASSURANCE, AND OTHER SCHEMES FOR COMMERCIAL COMPANIES. By HAROLD DOUGHARTY, F.C.I.I. Second Edition. In demy 8vo, cloth gilt, 144 pp. **6s.** net.

COMMERCIAL CREDIT RISKS. By A. H. SWAIN. In demy 8vo, 148 pp. **5s.** net.

THE PRINCIPLES AND PRACTICE OF ACCIDENT INSURANCE. By G. E. BANFIELD, A.C.I.I., *of the Middle Temple, Barrister-at-Law.* In demy 8vo, cloth gilt, 200 pp. **6s.** net.

INSURANCE OF PROFITS. By A. G. MACKEN. Second Edition. In demy 8vo, cloth gilt, 136 pp. **5s.** net.

THE SUCCESSFUL INSURANCE AGENT. By J. J. BISGOOD, B.A. In crown 8vo, cloth, 135 pp. **2s. 6d.** net. Second Edition.

THE BUSINESS MAN'S GUIDE TO INSURANCE. By A. PHILPOTT. In crown 8vo, cloth, 183 pp. **3s. 6d.** net.

ORGANIZATION AND MANAGEMENT

OFFICE ORGANIZATION AND MANAGEMENT. Including Secretarial Work. By LAWRENCE R. DICKSEE, M.Com., F.C.A., and Sir H. E. BLAIN, C.B.E. Eighth Edition, Revised. In demy 8vo, cloth gilt, 300 pp. **7s. 6d.** net.

COUNTING HOUSE AND FACTORY ORGANIZATION. By J. GILMOUR WILLIAMSON. In demy 8vo, cloth gilt, 182 pp. **7s. 6d.** net.

FILING SYSTEMS. Their Principles and their Application to Modern Office Requirements. By EDWARD A. COPE. In crown 8vo, cloth gilt, 200 pp., with illustrations. **3s. 6d.** net.

SOLICITOR'S OFFICE ORGANIZATION, MANAGEMENT, AND ACCOUNTS. By E. A. COPE and H. W. H. ROBINS. In demy 8vo, cloth gilt, 176 pp., with numerous forms. **6s.** net.

COLLIERY OFFICE ORGANIZATION AND ACCOUNTS. By J. W. INNES, F.C.A., and T. COLIN CAMPBELL, F.C.I. In demy 8vo. **7s. 6d.** net.

BUSINESS OWNERSHIP ORGANIZATION. By A. H. STOCKDER, M.A. In demy 8vo, cloth, 630 pp. **10s. 6d.** net.

COMMERCIAL MANAGEMENT. By CUNLIFFE L. BOLLING. Second Edition. In demy 8vo, cloth gilt, 435 pp. **10s. 6d.** net.

BUSINESS MANAGEMENT. By PERCIVAL WHITE. In demy 8vo, cloth gilt, 740 pp. **15s.** net.

DRAPERY BUSINESS ORGANIZATION AND MANAGEMENT. By J. ERNEST BAYLEY. In demy 8vo, cloth gilt, 300 pp. **7s. 6d.** net.

ORGANIZATION AND MANAGEMENT IN THE FLOUR-MILLING INDUSTRY. By E. LEIGH PEARSON, M.Sc.(Tech.), A.I.C. In demy 8vo, cloth gilt, 254 pp., **12s. 6d.** net.

ORGANIZATION, MANAGEMENT, AND TECHNOLOGY IN THE MANUFACTURE OF MEN'S CLOTHING. By MARTIN E. POPKIN. In medium 8vo, cloth gilt, 416 pp. **25s.** net.

GROCERY BUSINESS ORGANIZATION AND MANAGEMENT. By C. L. T. BEECHING, O.B.E. With Chapters on Buying a Business, Grocers' Office Work and Book-keeping, etc., by J. A. SMART. Third Edition. In demy 8vo, cloth, 183 pp. **6s.** net.

HOW TO MANAGE A PRIVATE HOTEL. By P. HOBBS. In demy 8vo, cloth gilt, 80 pp. **3s. 6d.** net.

HOTEL ORGANIZATION, MANAGEMENT, AND ACCOUNTANCY. By G. DE BONI and F. F. SHARLES. In demy 8vo, cloth gilt, 215 pp. **10s. 6d.** net.

CLUBS AND THEIR MANAGEMENT. By F. W. PIXLEY. Second Edition. In demy 8vo, cloth. 252 pp. **10s. 6d.** net.

THE STOCKBROKER'S OFFICE. Organization, Management, and Accounts. By JULIUS E. DAY. In demy 8vo, cloth gilt, 250 pp. **7s. 6d.** net.

THE HISTORY, LAW, AND PRACTICE OF THE STOCK EXCHANGE. By A. P. POLEY, B.A., *Barrister-at-Law.* Fourth Edition, Revised. In demy 8vo, cloth gilt, 428 pp. **7s. 6d.** net.

SELF-ORGANIZATION FOR BUSINESS MEN. By MORLEY DAINOW, B.Sc. (Hons.). Second Edition. In demy 8vo, cloth gilt, 154 pp. **5s.** net.

THE ORGANIZATION OF A SMALL BUSINESS. By WM. A. SMITH, A.C.W.A. Second Edition. In crown 8vo, cloth, 120 pp. **2s. 6d.** net.

MULTIPLE SHOP ORGANIZATION. By A. E. HAMMOND. In demy 8vo, cloth, 152 pp. **6s.** net.

INDUSTRIAL ADMINISTRATION

THE PHILOSOPHY OF MANAGEMENT. By OLIVER SHELDON, B.A. In demy 8vo, cloth gilt, 310 pp. **10s. 6d.** net.

EMPLOYMENT MANAGEMENT. Compiled and edited by DANIEL BLOOMFIELD. In demy 8vo, 507 pp. **8s. 6d.** net.

LABOUR PROBLEMS. By GORDON S. WATKINS, Ph.D. In demy 8vo, cloth gilt, 742 pp. **15s.** net.

PROBLEMS OF LABOUR. Compiled and Edited by DANIEL BLOOMFIELD. In demy 8vo, cloth gilt, 434 pp. **8s. 6d.** net.

LABOUR ORGANIZATION. By J. CUNNISON, M.A. In demy 8vo, cloth gilt, 280 pp. **7s. 6d.** net.

MODERN INDUSTRIAL MOVEMENTS. Compiled and Edited by DANIEL BLOOMFIELD. In demy 8vo, cloth gilt, 380 pp. **10s. 6d.** net.

COPYRIGHT IN INDUSTRIAL DESIGNS. By A. D. RUSSELL-CLARKE, *of the Inner Temple, Barrister-at-Law.* In demy 8vo, cloth, 212 pp. **10s. 6d.** net.

A MERCHANT'S HORIZON. By A. L. FILENE and BURTON KLEINE. In demy 8vo, cloth gilt, 272 pp. **10s. 6d.** net.

NEW LEADERSHIP IN INDUSTRY. By SAM. A. LEWISOHN. Second Edition. In demy 8vo, cloth gilt, 224 pp. **7s. 6d.** net.

LECTURES ON INDUSTRIAL ADMINISTRATION. Edited by B. Muscio, M.A. In crown 8vo, cloth, 276 pp. **6s.** net.

OUTLINES OF INDUSTRIAL ADMINISTRATION. By R. O. Herford, H. T. Hildage, and H. G. Jenkins. In demy 8vo, cloth gilt, 124 pp. **6s.** net.

ENGINEERING FACTORY SUPPLIES. By W. J. Hiscox. In demy 8vo, cloth gilt, 184 pp. **5s.** net.

FACTORY LAY-OUT, PLANNING, AND PROGRESS. By W. J. Hiscox. In demy 8vo, cloth gilt, 200 pp. **7s. 6d.** net.

FACTORY ADMINISTRATION IN PRACTICE. By W. J. Hiscox. In demy 8vo, cloth gilt, 224 pp. **8s. 6d.** net.

FACTORY ORGANIZATION. By C. H. Northcott, M.A., Ph.D.; O. Sheldon, B.A.; J. W. Wardropper, B.Sc., B.Com., A.C.W.A.; and L Urwick, M.A. In demy 8vo, cloth gilt, 264 pp. **7s. 6d.** net.

MANAGEMENT. By J. Lee, C.B.E., M.A., M.Com.Sc. In demy 8vo, cloth gilt, 133 pp. **5s.** net.

AN INTRODUCTION TO INDUSTRIAL ADMINISTRATION. By John Lee, C.B.E., M.A., M.Com.Sc. In demy 8vo, cloth gilt, 200 pp. **5s.** net.

DICTIONARY OF INDUSTRIAL ADMINISTRATION. Edited by John Lee, C.B.E., M.A., M.Com.Sc. Assisted by eminent specialists. In Two Volumes, crown 4to, bound in buckram, 1166 pp. **63s.** net.

INDUSTRIAL ORGANIZATION. By John Lee, C.B.E., M.A., M.Com.Sc. In demy 8vo, cloth gilt, 130 pp. **5s.** net.

THE PRINCIPLES OF INDUSTRIAL WELFARE. By John Lee, C.B.E., M A., M.Com.Sc. In demy 8vo, cloth, 103 pp. **5s.** net.

LETTERS TO AN ABSENTEE DIRECTOR. By John Lee, C.B.E., M.A., M.Com Sc. In demy 8vo, cloth, 100 pp. **5s.** net.

THE EVOLUTION OF INDUSTRIAL ORGANIZATION. By B. F. Shields, M.A., *Professor of Commerce and Dean of the Faculty of Commerce, University College, Dublin.* Second Edition. In demy 8vo, cloth gilt, 429 pp. **10s. 6d.** net.

WELFARE WORK IN INDUSTRY. By members of the Institute of Industrial Welfare Workers. Edited by Eleanor T. Kelly. In demy 8vo, cloth, 128 pp. **5s.** net.

TIME STANDARDIZATION OF WORKSHOP OPERATIONS. By T. Pilkington, M.I.Mech.E. In demy 8vo, cloth gilt, 263 pp. **16s.** net.

WORKSHOP COMMITTEES. By C. G. Renold. In demy 8vo, 52 pp. **1s.** net.

RESEARCH IN INDUSTRY. By A. P. M. Fleming, C.B.E., M.Sc., M.I.E.E., and J. G. Pearce, B.Sc., A.M.I.E.E. In demy 8vo, cloth gilt, 264 pp. **10s. 6d.** net.

INTRODUCTION TO THE PRINCIPLES OF INDUSTRIAL ADMINISTRATION. By A. P. M. Fleming and H. J. Brocklehurst, M.Eng., A.M.I.E.E. In demy 8vo, 140 pp. **3s. 6d.** net.

SHARING PROFITS WITH EMPLOYEES. By J. A. Bowie, M.A. Second Edition. In demy 8vo, cloth gilt, 230 pp. **10s. 6d.** net.

PRACTICAL ADVICE TO INVENTORS AND PATENTEES. By C. M. LINLEY. In crown 8vo, cloth, 134 pp. **3s. 6d.** net.

PATENTS FOR INVENTIONS. By J. EWART WALKER, B.A., *Barrister-at-Law*, and R. BRUCE FOSTER, B.Sc., *Barrister-at-Law*. In demy 8vo, cloth gilt, 390 pp. **21s.** net.

TRANSPORT

PRACTICAL TRANSPORT MANAGEMENT. By ANDREW HASTIE. In demy 8vo, cloth gilt, 190 pp. **10s. 6d.** net.

INDUSTRIAL TRAFFIC MANAGEMENT. By GEO. B. LISSENDEN, M.Inst.T. Third Edition. In demy 8vo, cloth gilt, 422 pp. **25s.** net.

COMMERCIAL AIR TRANSPORT. By LIEUT.-COL. IVO EDWARDS, C.M.G., and F. TYMMS, A.F.R.Ae.S. In demy 8vo, cloth, 178 pp. **7s. 6d.** net.

RAILWAY RATES, PRINCIPLES, AND PROBLEMS. By PHILIP BURTT, M.Inst.T. In demy 8vo, cloth gilt, 174 pp. **6s.** net.

RAILWAY STATISTICS: THEIR COMPILATION AND USE. By A. E. KIRKUS, O.B.E., M.Inst.T. In demy 8vo, cloth gilt, 146 pp. **5s.** net.

MODERN RAILWAY OPERATION. By D. R. LAMB, M.Inst.T. In demy 8vo, cloth gilt, 183 pp. **7s. 6d.** net.

RAILWAY ELECTRIFICATION AND TRAFFIC PROBLEMS. By PHILIP BURTT, M.Inst.T. In demy 8vo, cloth gilt, 210 pp. **10s. 6d.** net.

MOTOR ROAD TRANSPORT FOR COMMERCIAL PURPOSES. By JOHN PHILLIMORE. With an Introduction by Sir H. P. MAYBURY, K.C.M.G., C.B. Second Edition. In demy 8vo, cloth gilt, 233 pp. **10s. 6d.** net.

THE HISTORY AND DEVELOPMENT OF ROAD TRANSPORT. By J. PATERSON, M.C., M.Inst.T. In demy 8vo, cloth gilt, 128 pp. **6s.** net.

THE HISTORY AND ECONOMICS OF TRANSPORT. By ADAM W. KIRKALDY, M.A., B.Litt. (Oxon), M.Com. (B'ham.), and ALFRED DUDLEY EVANS. Fourth Edition. In demy 8vo, cloth gilt, 438 pp. **16s.** net.

THE RIGHTS AND DUTIES OF TRANSPORT UNDERTAKINGS. By H. BARRS DAVIES, M.A. In demy 8vo, cloth, 135 pp. **5s.** net.

ROAD MAKING AND ROAD USING. By T. SALKIELD, M.Inst.C.E., M.Inst.T. In demy 8vo, cloth gilt, 180 pp. **7s. 6d.** net.

PORT ECONOMICS. By B. CUNNINGHAM, D.Sc., B.E., F.R.S.E., M.Inst.C.E. In demy 8vo, cloth gilt, 144 pp. **6s.** net.

MODERN DOCK OPERATION. By D. ROSS-JOHNSON, C.B.E., V.D., M.Inst.T. In demy 8vo, cloth gilt, 113 pp., illustrated. **6s.** net.

ROAD TRANSPORT OPERATION—PASSENGER. By R. STUART PILCHER, F.R.S.E., M.Inst.T. In demy 8vo, cloth gilt, 220 pp. **10s. 6d.** net.

CANALS AND INLAND WATERWAYS. By GEORGE CADBURY, *Managing Director of Messrs. Cadbury Bros., Ltd., Chairman of the Severn and Canal Carrying Co., Ltd.; and* S. P. DOBBS, B.A. In demy 8vo, cloth gilt, 176 pp. **7s. 6d.** net.

SHIPPING

SHIPPING OFFICE ORGANIZATION, MANAGEMENT, AND ACCOUNTS. By ALFRED CALVERT. In demy 8vo, cloth gilt, 203 pp. **6s.** net.

THE SHIPPING WORLD. Compiled and Edited by J. A. TODD, M.A., B.L. In crown 8vo, cloth gilt, 306 pp. **7s. 6d.** net.

SHIPPING TERMS AND PHRASES. Compiled by JAMES A. DUNNAGE, F.S.S., F.C.I., A.M.Inst.T. In crown 8vo, cloth, 102 pp. **2s. 6d.** net.

THE EXPORTER'S HANDBOOK AND GLOSSARY. By F. M. DUDENEY. In demy 8vo, cloth gilt, 254 pp. **7s. 6d.** net.

THE IMPORTER'S HANDBOOK. By J. A. DUNNAGE. In demy 8vo, cloth gilt, 382 pp. **10s. 6d.** net.

HOW TO EXPORT GOODS. By F. M. DUDENEY. In crown 8vo, cloth, 112 pp. **2s.** net.

MANUAL OF EXPORTING. By J. A. DUNNAGE. In demy 8vo, cloth gilt, 392 pp. **10s. 6d.** net.

HOW TO IMPORT GOODS. By J. A. DUNNAGE. Second Edition. In crown 8vo, cloth, 128 pp. **2s.** net.

CASE AND FREIGHT COSTS. By A. W. E. CROSFIELD. In crown 8vo, cloth, 62 pp. **2s.** net.

INTRODUCTION TO SHIPBROKING. By C. D. MACMURRAY and M. M. CREE. In demy 8vo, cloth, 115 pp. **3s. 6d.** net.

SHIPPING AND SHIPBROKING. By the same Authors. Second Edition. In demy 8vo, cloth gilt, 543 pp. **15s.** net.

SHIPPING BUSINESS METHODS. By R. B. PAUL. Second Edition. In demy 8vo, cloth gilt, 104 pp. **5s.** net.

SHIPPING FINANCE AND ACCOUNTS. By the same Author. In demy 8vo, cloth gilt, 74 pp. **2s. 6d.** net.

BANKING AND FINANCE

THE MONEY MACHINE. By FRANCIS WHITMORE, B.Com. In demy 8vo, cloth gilt, 144 pp. **5s.** net.

MONEY, EXCHANGE, AND BANKING, in their Practical, Theoretical, and Legal Aspects. By H. T. EASTON, *Associate of the Institute of Bankers.* Third Edition. In demy 8vo, cloth gilt, 331 pp. **6s.** net.

THE THEORY AND PRINCIPLES OF CENTRAL BANKING. By WILLIAM A. SHAW, Litt.D. In demy 8vo, cloth gilt, 262 pp. **12s. 6d.** net.

AN OUTLINE OF ENGLISH BANKING ADMINISTRATION. By JOSEPH SYKES, B.A.,(Hons.) In crown 8vo, cloth, 96 pp. **3s. 6d.** net.

ENGLISH BANKING METHODS. By LEONARD LE MARCHANT MINTY, Ph.D., B.Sc. (Econ.), B.Com., LL.B. Fourth Edition. In demy 8vo, cloth gilt, 552 pp. **15s.** net.

THE BANKER'S PLACE IN COMMERCE. By WILLIAM F. SPALDING, F.I.B. In demy 8vo, cloth, 80 pp. **3s. 6d.** net.

BANKING FOR ADVANCED STUDENTS. By PERCY G. H. WOODRUFF, Cert. A.I.B. In demy 8vo, cloth, 248 pp. **7s. 6d.** net.

ENGLISH PUBLIC FINANCE. With Chapters on the Bank of England. By HARVEY E. FISK. In demy 8vo, cloth gilt, 215 pp. **7s. 6d.** net.

THEORY AND PRACTICE OF FINANCE. By W. COLLIN BROOKS. Second Edition. In demy 8vo, 440 pp. **10s. 6d.** net.

MODERN FINANCE AND INDUSTRY. By A. S. WADE, *City Editor of "Evening Standard."* Second Edition. In demy 8vo, cloth gilt, 136 pp. **5s.** net.

THE ARITHMETIC AND PRACTICE OF THE FOREIGN EXCHANGES. By A. G. SUGG, Cert. A.I.B. In demy 8vo, cloth gilt, 144 pp. **3s. 6d.** net. Second Edition.

FOREIGN EXCHANGE ACCOUNTING. By C. DJÖRUP, B.C.S., C.P.A. Size 6 in. by 9 in., cloth gilt, 420 pp. **15s.** net.

FOREIGN BANKING SYSTEMS. Edited by H. P. WILLIS and B. H. BECKHART. In demy 8vo, cloth, 1300 pp. **21s.** net.

FOREIGN EXCHANGE AND FOREIGN BILLS IN THEORY AND IN PRACTICE. By W. F. SPALDING, *Fellow of the London Institute of Bankers.* Seventh Edition. In demy 8vo, 320 pp. **7s. 6d.** net.

EASTERN EXCHANGE, CURRENCY, AND FINANCE. By the same Author. Fourth Edition. In demy 8vo, cloth, 485 pp., illustrated. **15s.** net.

FOREIGN EXCHANGE, A PRIMER OF. By the same Author. Second Edition. In demy 8vo, cloth, 124 pp. **3s. 6d.** net.

THE FINANCE OF FOREIGN TRADE. By the same Author. In demy 8vo, cloth gilt, 190 pp **7s. 6d.** net.

DICTIONARY OF THE WORLD'S CURRENCIES AND FOREIGN EXCHANGES. By the same Author. In crown 4to, half-leather gilt, 208 pp. **30s.** net.

BANKERS' CREDITS AND ALL THAT APPERTAINS TO THEM IN THEIR PRACTICAL, LEGAL, AND EVERYDAY ASPECTS. By the same Author. Third Edition. In demy 8vo, cloth gilt, 170 pp. **10s. 6d.** net.

THE FUNCTIONS OF MONEY. By the same Author. In demy 8vo, cloth gilt, 179 pp. **7s. 6d.** net.

THE LONDON MONEY MARKET. By the same Author. Third Edition. In demy 8vo, cloth gilt, 232 pp. **10s. 6d.** net.

THE DISCOUNT MARKET IN LONDON. Its Organization and Recent Development. By H. W. GREENGRASS. In demy 8vo, cloth gilt, 194 pp. **6s.** net.

PRINCIPLES OF BANKING, CURRENCY, AND FOREIGN EXCHANGE. By R. H. KING, *Certificated Associate of the Institute of Bankers.* In crown 8vo, cloth gilt. **5s.** net.

PRACTICAL BANKING. By J. F. G. BAGSHAW. With chapters on **"The Principles of Currency,"** by C. F. HANNAFORD; and **"Bank Book-keeping,"** by W. H. PEARD. Revised Edition. In demy 8vo, cloth gilt, 448 pp. **7s. 6d.** net.

THE SECURITIES CLERK IN A BRANCH BANK. By F. J. LEWCOCK, Cert. A.I.B., A.C.I.S. In demy 8vo, cloth gilt. (In the Press.)

BANK ORGANIZATION, MANAGEMENT, AND ACCOUNTS. By J. F. DAVIS, D.Lit., M.A., LL.B. Second Edition. In demy 8vo, cloth gilt, 175 pp. **6s.** net.

CHEQUES: THEIR ORIGIN AND DEVELOPMENT, AND HOW THEY ARE HANDLED BY AN ENGLISH BANK. By C. F. HANNAFORD. Edited by Sir JOHN PAGET, K.C. In demy 8vo, cloth gilt, 195 pp. **6s.** net.

BILLS, CHEQUES, AND NOTES. By J. A. SLATER, B.A., LL.B. (Lond.). Fourth Edition. In demy 8vo, cloth gilt, 214 pp. **6s.** net.

THE BILLS OF EXCHANGE ACT, 1882. By M. H. MEGRAH, B.Com. (Lond.), Cert. A.I.B. In demy 8vo, cloth gilt, 195 pp. **6s.** net.

A PRACTICAL EXAMINATION OF THE BILLS OF EXCHANGE ACTS. By C. H. FENNELL. In medium 8vo, cloth gilt, 168 pp. **7s. 6d.** net.

THE BANKERS' CLEARING HOUSE. What it is and what it does. By P. W. MATTHEWS. In demy 8vo, cloth gilt, 175 pp. **7s. 6d.** net.

BANKERS' SECURITIES AGAINST ADVANCES. By LAWRENCE A. FOGG, *Certificated Associate of the Institute of Bankers.* In demy 8vo, cloth gilt, 120 pp. **6s.** net.

TITLE DEEDS OLD AND NEW. By FRANCIS R. STEAD. In demy 8vo cloth gilt, 192 pp. **5s.** net.

THE BANKER AS A LENDER. By F. E. STEELE. In demy 8vo, cloth gilt, 150 pp. **5s.** net.

HOW TO SUCCEED IN A BANK. By the same Author. In crown 8vo, cloth, 156 pp. **3s. 6d.** net.

BANKING AS A CAREER. By F. A. WILLMAN, *Certificated Associate of the Institute of Bankers.* In demy 8vo, cloth gilt, 144 pp. **3s. 6d.** net.

TALKS ON BANKING TO BANK CLERKS. By HAROLD E. EVANS, *Fellow of the Institute of Bankers.* In crown 8vo, cloth, 152 pp. **2s. 6d.** net.

ANSWERS TO QUESTIONS SET AT THE EXAMINATIONS OF THE INSTITUTE OF BANKERS. By L. L. M. MINTY, Ph.D., B.Sc. (Econ.), B.Com. **Foreign Exchange,** Parts I and II. Each **3s. 6d.** net. **Economics,** Parts I and II. Each **5s.** net. **English Grammar and Composition,** Part I. **3s. 6d.** net. Part II, **5s.** net.

BANKERS AND THE PROPERTY STATUTES OF 1925 AND 1926. By R. W. JONES, *Certificated Associate of the Institute of Bankers.* Second Edition. In demy 8vo, cloth gilt, 200 pp. **6s.** net.

BANKERS' ADVANCES. By F. R. STEAD. Third Edition by C. R. W. CUCKSON, B.A., LL.B. In demy 8vo, cloth gilt, 150 pp. **6s.** net.

BANKERS' TESTS. By F. R. STEAD. In demy 8vo, cloth gilt, 144 pp. **10s. 6d.** net.

BANKERS' ADVANCES AGAINST PRODUCE. By A. WILLIAMS. In demy 8vo, cloth gilt, 147 pp. **6s.** net.

ENGLISH COMPOSITION AND BANKING CORRESPONDENCE. By L. E. W. O. FULLBROOK-LEGGATT, M.C., B.A. In demy 8vo, cloth gilt, 300 pp. **5s.** net.

DICTIONARY OF BANKING. A Complete Encyclopaedia of Banking Law and Practice. By W. THOMSON, *Bank Inspector*. Seventh Edition. In crown 4to, half-leather gilt, 754 pp. **30s.** net.

A COMPLETE DICTIONARY OF BANKING TERMS IN THREE LANGUAGES (ENGLISH-FRENCH-GERMAN). By L. HERENDI, *Managing Clerk, Hungarian General Credit-Bank*. Size 9½ in. by 6½ in., cloth gilt, 566 pp. **21s.** net.

SECRETARIAL WORK, ETC.

THE COMPANY SECRETARY'S VADE MECUM. Edited by PHILIP TOVEY, F.C.I.S. Fourth Edition, Revised by C. W. ADAMS, A.C.I.S. In foolscap 8vo, cloth, 170 pp. **3s. 6d.** net.

COMPANY SECRETARIAL WORK. By ERNEST MARTIN, F.C.I.S. Second Edition. In crown 8vo, cloth, 154 pp. **2s.** net.

SECRETARY'S HANDBOOK. Edited by Sir H. E. BLAIN, C.B.E. Second Edition. In demy 8vo, cloth gilt, 168 pp. **5s.** net.

GUIDE FOR THE COMPANY SECRETARY. By ARTHUR COLES. Third Edition, Revised by W. CECIL WOOD, A.C.I.S. In demy 8vo, cloth gilt, 512 pp. **6s.** net.

PRACTICAL SECRETARIAL WORK. By HENRY I. LEE, A.I.S.A., and WILLIAM N. BARR. In demy 8vo, cloth gilt, 406 pp. **7s. 6d.** net.

HOW TO BECOME A PRIVATE SECRETARY. By J. E. MCLACHLAN, F.I.P.S. (Hons.). In crown 8vo, cloth, 120 pp. **3s. 6d.** net.

GUIDE TO COMPANY SECRETARIAL WORK. By O. OLDHAM, A.C.I.S. Fifth Edition, Revised by G. K. BUCKNALL, A.C.I.S. (Hons.). In crown 8vo, cloth gilt, 256 pp. **3s. 6d.** net.

DICTIONARY OF SECRETARIAL LAW AND PRACTICE. Edited by PHILIP TOVEY, F.C.I.S., assisted by specialist contributors. Fourth Edition. In crown 4to, half-leather gilt, 1040 pp. **50s.** net.

HONORARY SECRETARYSHIP. By W. B. THORNE. In crown 8vo, cloth, 81 pp. **2s. 6d.** net.

THE TRANSFER OF STOCKS, SHARES, AND OTHER MARKETABLE SECURITIES. A Manual of the Law and Practice. By F. D. HEAD, B.A. (Oxon), *Barrister-at-Law*. Fourth Edition. In demy 8vo, cloth gilt, 204 pp. **7s. 6d.** net.

FORMATION AND MANAGEMENT OF A PRIVATE COMPANY. By the same Author. In demy 8vo, cloth, 245 pp. **7s. 6d.** net.

THE COMPANY REGISTRAR'S MANUAL. By J. J. QUINLIVAN. Second Edition. In demy 8vo, cloth gilt, 360 pp. **10s. 6d.** net.

MEETINGS. By F. D. HEAD, B.A. (Oxon), *of Lincoln's Inn, Barrister-at-Law*. Third Edition. In demy 8vo, cloth gilt, 262 pp. **5s.** net.

THE CHAIRMAN'S MANUAL. By GURDON PALIN, *Barrister-at-Law*, and ERNEST MARTIN, F.C.I.S. Second Edition. In crown 8vo, cloth gilt, 174 pp. **5s.** net.

HOW TO TAKE MINUTES. Edited by ERNEST MARTIN, F.C.I.S. Fourth Edition. In demy 8vo, cloth gilt, 144 pp. **2s. 6d.** net.

PROSPECTUSES: HOW TO READ AND UNDERSTAND THEM. By PHILIP TOVEY, F.C.I.S. In demy 8vo, cloth gilt, 109 pp. **5s.** net.

PRACTICAL SHARE TRANSFER WORK. By F. W. LIDINGTON. In crown 8vo, 123 pp. **3s. 6d.** net.

QUESTIONS AND ANSWERS ON SECRETARIAL PRACTICE. By E. J. HAMMOND. Third Edition. Revised by G. K. BUCKNALL, A.C.I.S. (Hons.). In demy 8vo, cloth gilt, 250 pp. **7s. 6d.** net.

EXAMINATION NOTES ON SECRETARIAL PRACTICE. By C. W. ADAMS, A.C.I.S. Second Edition. In crown 8vo, cloth, 80 pp. **2s. 6d.** net.

INCOME TAX

INTRODUCTION TO INCOME TAX. By E. D. FRYER, A.L A.A. In crown 8vo, cloth, 100 pp. **2s. 6d.** net.

DOUBLE INCOME TAX RELIEF. By H. E. SEED and A. W. RAWLINSON. In crown 8vo, cloth gilt, 136 pp. **10s. 6d.** net.

INCOME TAX RELIEFS. By A. W. RAWLINSON, A.C.A. In demy 8vo, cloth gilt, 422 pp. **20s.** net.

INCOME TAX, SUPER-TAX, AND SURTAX. By V. WALTON, F.C.A., F.R.S., F.R.Econ.S. In demy 8vo, cloth, 240 pp. **7s. 6d.** net.

SNELLING'S PRACTICAL INCOME TAX. In crown 8vo, cloth, 181 pp, **3s. 6d.** net. Tenth Edition revised in accordance with the Finance Act, 1930.

NOTES ON INCOME TAX. By W. S. CARRINGTON, *Chartered Accountant*. In crown 8vo, cloth, 88 pp. **3s. 6d.** net.

ECONOMICS

DICTIONARY OF ECONOMIC AND BANKING TERMS. By W. J. WESTON, M.A., B.Sc.; and A. CREW, *Barrister-at-Law*. In crown 8vo, cloth, 185 pp. **5s.** net. Second Edition.

ECONOMIC GEOGRAPHY. By J. McFARLANE, M.A., M.Com. Third Edition. In demy 8vo, cloth gilt, 656 pp. **10s. 6d.** net.

THE PRINCIPLES OF ECONOMIC GEOGRAPHY. By R. N. RUDMOSE BROWN, D.Sc., *Lecturer in Geography in the University of Sheffield*. Second Edition. In demy 8vo, cloth gilt, 223 pp. **6s.** net.

ECONOMIC RESOURCES OF THE EMPIRE. Edited by T. WORSWICK, O.B.E., M.Sc. In crown 8vo, cloth gilt, 172 pp. **5s.** net.

THE HISTORY OF COMMERCE. By T. G. WILLIAMS, M.A., F.R Hist.S. F.R.Econ.S. In demy 8vo, cloth gilt, 343 pp. **5s.** net.

HISTORY OF AGRICULTURE IN EUROPE AND AMERICA. By N. S. B. GRAS. In demy 8vo, cloth gilt, 472 pp. **15s.** net.

OUTLINES OF THE ECONOMIC HISTORY OF ENGLAND. By H. O. MEREDITH, M.A., M.Com. Second Edition. In demy 8vo, cloth gilt, 376 pp. **7s. 6d.** net.

ECONOMIC HISTORY OF THE UNITED STATES. By T. W. V. METRE. In demy 8vo, cloth, 680 pp **10s. 6d.** net.

NEW GOVERNMENTS OF EASTERN EUROPE. By M. W. GRAHAM, Junr. In demy 8vo, cloth gilt, 836 pp. **21s.** net.

INTERNATIONAL RELATIONS. By R. L. BUELL. In demy 8vo, cloth gilt, 784 pp. **21s.** net.

MAIN CURRENTS OF SOCIAL AND INDUSTRIAL CHANGE. By T. G. WILLIAMS, M.A., F.R Hist.S., F.R.Econ.S. In crown 8vo, cloth gilt, 320 pp. **5s.** net.

AN INTRODUCTION TO SOCIOLOGY AND SOCIAL PROBLEMS. By W. G. BEACH. In demy 8vo, cloth gilt, 383 pp. **6s.** net.

THE PRINCIPLES OF BUSINESS ECONOMICS. By JAS. STEPHENSON, M.A., M.Com., D.Sc. In demy 8vo, cloth gilt, 504 pp. **10s. 6d.** net.

ECONOMICS OF THE MANUFACTURING BUSINESS. By W. A. STEWART JONES, F.C.W.A., F.S.S. In demy 8vo, cloth, 160 pp. **3s. 6d.**

ECONOMICS FOR BUSINESS MEN. By W. J. WESTON, M.A., B.Sc. In crown 8vo, cloth gilt, 265 pp. **3s. 6d.** net.

PRINCIPLES OF ECONOMICS. By L. A. RUFENER, Ph.D. In medium 8vo, cloth gilt, 862 pp. **16s.** net.

A TEXTBOOK OF ECONOMICS. By W. J. WESTON, M.A., B.Sc. In demy 8vo, cloth gilt, 460 pp. **10s. 6d.** net.

ECONOMICS FOR EVERYMAN. An introduction to Social Economics By JAMES E. LE ROSSIGNOL. In crown 8vo, cloth, 342 pp. **5s.** net.

ECONOMIC PRINCIPLES FOR INDIAN READERS. By Dr. P. BASU, Principal of the Holkar College, Indore. In demy 8vo, cloth, 356 pp **7s. 6d.** net.

ECONOMICS OF INSTALMENT TRADING AND HIRE PURCHASE. By W. F. CRICK. In demy 8vo, cloth gilt, 126 pp. **5s.** net.

LABOUR ECONOMICS. By SOLOMON BLUM. In demy 8vo, cloth gilt, 590 pp. **12s. 6d.** net.

THIS AGE OF PLENTY. By C. M. HATTERSLEY, M.A., LL B. In crown 8vo, 298 pp., paper, **3s. 6d.** net; cloth **6s.** net.

A FAIR WAGE. By EDWARD BATTEN, M.I.Mech.E. 100 pp. **2s. 6d.** net.

INTERNATIONAL MIGRATIONS (STATISTICS). Compiled on behalf of the International Labour Office, Geneva, by IMRE FERENCZI. Edited by WALTER F. WILCOX. In medium 8vo, cloth gilt, 1112 pp. **42s.** net.

NATIONAL ECONOMICS. By EDWARD BATTEN. In demy 8vo, cloth, 229 pp. **5s.** net.

THE SUBSTANCE OF ECONOMICS. By M. A. SILVERMAN, B.A. (Econ.) Sixth Edition. In crown 8vo, cloth gilt, 370 pp. **6s.** net.

ECONOMICS OF PRIVATE ENTERPRISE, THE. By J. H. JONES, M.A. *Professor of Economics, University of Leeds.* In demy 8vo, cloth gilt, 456 pp. **7s. 6d.** net.

INDUSTRIAL COMBINATION IN ENGLAND. By PATRICK FITZGERALD, D.Sc. (Econ.), *Acting Editor* "The Statist." Second Edition. In demy 8vo, cloth gilt, 248 pp. **10s. 6d.** net.

PLAIN ECONOMICS. An Examination of the Essential Issues. By J. LEE, C.B.E., M.A , M.Com.Sc. In crown 8vo, cloth gilt, 110 pp. **3s. 6d.** net.

ECONOMICS OF THE WHOLESALE AND RETAIL TRADE. By JAMES STEPHENSON, M.A., M Com., D.Sc. In demy 8vo, cloth, 292 pp. **5s.**

ECONOMICS OF THE IMPORT AND EXPORT TRADE. By HIROMU NAGAOKA. In demy 8vo, cloth, 235 pp **5s.**

ECONOMICS EDUCATOR. Edited by Professor J. H. JONES, M.A. In three volumes Crown 4to, cloth gilt, 1450 pp. **63s.** net.

ENGINEERING ECONOMICS. By T H. BURNHAM, B.Sc., Hons., B.Com. (Lond.), A.M.I.Mech.E. Second Edition. In demy 8vo, cloth gilt, 392 pp. **10s. 6d.** net.

A THEORY OF CONSUMPTION. By HAZEL KYRK, Ph.D. In demy 8vo, cloth, 312 pp. **10s. 6d.** net.

MUNICIPAL WORK

COSTING SCHEMES FOR LOCAL AUTHORITIES. By J. H. BURTON. In demy 8vo, 144 pp. **5s.** net.

LOANS AND BORROWING POWERS OF LOCAL AUTHORITIES. By J. H. BURTON. In demy 8vo, cloth gilt, 228 pp. **7s. 6d.** net.

LOCAL GOVERNMENT OF THE UNITED KINGDOM AND THE IRISH FREE STATE. By J. J. CLARKE, M A , F.S S., *of Gray's Inn, Barrister-at-Law.* Fifth Edition. In crown 8vo, cloth gilt, 616 pp. **12s. 6d.** net.

RATES AND RATING. By ALBERT CREW, *Barrister-at-Law*, and A. HUNNINGS, F.S.I. Fifth Edition (England and Wales). In crown 8vo, cloth gilt, 526 pp. **10s. 6d.** net.

MUNICIPAL BOOK-KEEPING. By J. H. MCCALL, F.S.A.A. Third Edition. In demy 8vo, cloth gilt, 130 pp. **7s. 6d.** net.

MUNICIPAL AUDIT PROGRAMMES. By S. WHITEHEAD, A.S.A.A. In demy 8vo, cloth gilt. 116 pp. **3s. 6d.** net.

MUNICIPAL ACCOUNTING SYSTEMS. By the same Author. In demy 8vo, cloth gilt, 140 pp. **5s.** net.

MUNICIPAL STUDENTS' EXAMINATION NOTEBOOK. By S. WHITEHEAD. In crown 8vo, cloth, 220 pp. **7s. 6d.** net.

AMERICAN CITY GOVERNMENT. By W. ANDERSON, Ph.D. In demy 8vo, cloth gilt, 686 pp. **21s.** net.

MUNICIPAL SERIES. The Organization and Administration of the Various Departments of a Municipal Office. Edited by W. BATESON, A.C.A., F.S.A.A.—

PRINCIPLES OF ORGANIZATION. By WILLIAM BATESON, A.C.A., F.S.A.A. In demy 8vo, cloth gilt, 92 pp. **3s. 6d.** net.

FINANCE DEPARTMENT. By WILLIAM BATESON, A.C.A., F.S.A.A. In demy 8vo, cloth gilt, 274 pp. **7s. 6d.** net.

TRAMWAYS DEPARTMENT. By S. B. NORMAN MARSH, *Accountant to the Birmingham Corporation Tramways.* In demy 8vo, cloth gilt, 170 pp. **6s.** net.

ELECTRICITY UNDERTAKING. By C. L. E. STEWART, M.I.E.E. In demy 8vo, cloth gilt, 180 pp. **6s.** net.

GAS UNDERTAKING. By EDWIN UPTON, F.S.A.A. In demy 8vo, cloth gilt, 130 pp. **5s.** net.

TOWN CLERK'S DEPARTMENT AND THE JUSTICES' CLERK'S DEPARTMENT. By A. S. WRIGHT and E. H. SINGLETON. In demy 8vo, cloth gilt, 268 pp. **7s. 6d.** net.

WATERWORKS UNDERTAKING. By FREDERICK J. ALBAN, F.S.A.A., F.I.M.T.A., A.C.I.S. In demy 8vo, cloth gilt, 314 pp. **10s. 6d.** net.

EDUCATION DEPARTMENT. By ALFRED E. IKIN, B.Sc., LL.D. In demy 8vo, cloth gilt, 251 pp. **7s. 6d.** net.

PUBLIC HEALTH DEPARTMENT. By W. A. LEONARD, *Chief Clerk and Statistician in the Public Health Department, Birmingham.* In demy 8vo, cloth gilt, 155 pp. **6s.** net.

MUNICIPAL ENGINEER AND SURVEYOR'S DEPARTMENT. By E. J. ELFORD, *Engineer, Architect and Surveyor to the Metropolitan Borough of Wandsworth.* In demy 8vo, cloth gilt, 245 pp. **10s. 6d.** net.

RATING DEPARTMENT. By A. H. PEACOCK, M.A., A.S.A.A., *Incorporated Accountant.* In demy 8vo, cloth gilt, 96 pp. **5s.** net.

ADVERTISING AND SALESMANSHIP

THE DICTIONARY OF ADVERTISING AND PRINTING. In crown 4to, half leather gilt, 460 pp. **42s.** net.

MODERN ADVERTISING. In two volumes, 11 in. by 8½ in., bound in buckram, with gilt lettering. **63s.** net.

ADVERTISING TO WOMEN. By CARL A. NAETHER, M.A. Size 9 in. by 6 in., cloth gilt, 356 pp. **21s.** net.

STORECRAFT. By S. A. WILLIAMS, M.A. In crown 8vo, cloth, 143 pp. **3s. 6d.** net.

PRINCIPLES OF RETAILING. By N. A. BRISCO, Ph.D. In demy 8vo, cloth gilt, 336 pp. **16s.** net.

SUCCESSFUL RETAILING. By E. N. SIMONS. In demy 8vo, cloth gilt, 210 pp. **5s.** net.

THE CRAFT OF SILENT SALESMANSHIP. A Guide to Advertisement Construction. By C. MAXWELL TREGURTHA and J. W. FRINGS. Size 6¼ in. by 9¼ in., cloth, 98 pp., with illustrations. **5s.** net.

PERSONAL SALESMANSHIP. By R. SIMMAT, M.A. In demy 8vo, cloth gilt, 108 pp. **5s.** net.

SALESMANSHIP. By WILLIAM MAXWELL. In crown 8vo, cloth gilt, 238 pp. **5s.** net.

SALESMANSHIP. By W. A. CORBION and G. E. GRIMSDALE. In crown 8vo, cloth, 168 pp. **3s. 6d.** net.

SALESMANSHIP. By C. H. FERNALD, M.B.A. In medium 8vo, cloth, 491 pp. **18s.** net.

TRAINING FOR MORE SALES. By C. C. KNIGHTS. In demy 8vo, cloth, 240 pp. **5s.** net.

AN OUTLINE OF SALES MANAGEMENT. By the same Author. In demy 8vo, cloth gilt, 196 pp. **5s.** net.

TECHNIQUE OF SALESMANSHIP. By the same Author. In demy 8vo, cloth gilt, 249 pp. **5s.** net.

BUILDING RETAIL SALES. By the same Author. In demy 8vo, cloth gilt, 230 pp. **5s.** net.

PRACTICAL SALESMANSHIP. By N. C. FOWLER, Junr. In crown 8vo, 337 pp. **7s. 6d.** net.

SALES MANAGEMENT. By CUNLIFFE L. BOLLING. In demy 8vo, cloth gilt, 320 pp. **10s. 6d.** net.

RETAIL SALESMANSHIP. By CUNLIFFE L. BOLLING. In demy 8vo, cloth gilt, 284 pp. **7s. 6d.** net.

HIRE PURCHASE TRADING. By CUNLIFFE L. BOLLING. Second Edition. In crown 8vo, cloth. 276 pp. **10s. 6d.** net.

SALESMEN'S AGREEMENTS. Compiled from the proceedings of a special Conference of the Incorporated Association of Sales Managers of Great Britain. In demy 8vo, cloth gilt, 84 pp. **5s.** net.

PSYCHOLOGY AS A SALES FACTOR. By A. J. GREENLY. Second Edition. In demy 8vo, cloth gilt, 224 pp. **10s. 6d.** net.

MODERN SALES CORRESPONDENCE. By D. M. WILSON. In demy 8vo, cloth gilt, 80 pp. **5s.** net.

COMMERCIAL TRAVELLING. By ALBERT E. BULL. In crown 8vo, cloth gilt, 174 pp. **3s. 6d.** net.

TRAINING FOR TRAVELLING SALESMEN. By FRANK W. SHRUBSALL. In crown 8vo, cloth gilt, 90 pp. **2s. 6d.** net.

THE BUSINESS MAN'S GUIDE TO ADVERTISING. By A. E. BULL. In crown 8vo, cloth, 127 pp. **3s. 6d.** net.

ADVERTISING AND THE SHOPKEEPER. By HAROLD W. ELEY. In crown 8vo, 160 pp. **3s. 6d.** net.

ADVERTISING PROCEDURE. By O. KLEPPNER. In demy 8vo, cloth gilt, 555 pp. **21s.** net.

THE LANGUAGE OF ADVERTISING. By J. B. Opdycke. Size 9¼ in. by 6¼ in., cloth, 506 pp. **15s.** net.

LAY-OUTS FOR ADVERTISING. By John Dell. In crown 8vo, cloth gilt, 176 pp. **12s. 6d.** net.

ADVERTISEMENT LAY-OUT AND COPY-WRITING. By A. J. Watkins. In crown 4to, cloth, 130 pp. **15s.** net.

THE PRINCIPLES OF PRACTICAL PUBLICITY. By Truman A. de Weese. In large crown 8vo, cloth, 266 pp., with 43 illustrations. **10s. 6d.** net.

BUSINESS LETTER PRACTICE. By J. B. Opdycke. In demy 8vo, cloth gilt, 602 pp. **7s. 6d.** net.

EFFECTIVE POSTAL PUBLICITY. By Max Rittenberg. Size 6½ in. by 9¼ in., cloth, 167 pp. **7s. 6d.** net.

PRACTICAL POINTS IN POSTAL PUBLICITY. By Max Rittenberg. Size, 6½ in. by 9¼ in., cloth. **7s. 6d.** net.

MAIL ORDER AND INSTALMENT TRADING. By A. E. Bull. In demy 8vo, cloth gilt, 356 pp. **7s. 6d.** net.

MAIL ORDER ORGANIZATION. By P. E. Wilson. In crown 8vo, cloth gilt, 127 pp. **3s. 6d.** net.

THE OUTDOOR SALES FORCE. By P. E. Wilson. In crown 8vo, cloth, 146 pp. **3s. 6d.** net.

SUCCESSFUL BUYING. By E. N. Simons. In demy 8vo, cloth gilt, 291 pp. **10s. 6d.** net.

MODERN PUBLICITY. By A. W. Dean. In crown 8vo, cloth, 70 pp. **2s.** 6d. net.

ADVERTISING AND SELLING. By 150 Advertising and Sales Executives. Edited by Noble T. Praigg. In demy 8vo, cloth, 495 pp. **10s. 6d.** net.

PRACTICAL AIDS TO RETAIL SELLING. By A. Edward Hammond. In demy 8vo, cloth gilt, 180 pp. **7s. 6d.** net.

SELLING POLICIES. By Paul D. Converse. In demy 8vo, cloth gilt, 714 pp. **21s.** net.

MODERN METHODS IN SELLING. By L. J. Hoenig. In large crown 8vo, cloth gilt, 310 pp. **10s. 6d.** net.

EXPORT ADVERTISING PRACTICE. By C. F. Propson. Size 6 in. by 9 in., cloth gilt, 284 pp. **16s.** net.

ADVERTISING THROUGH THE PRESS. By N. Hunter. In demy 8vo, cloth, 146 pp. **5s.** net.

PRACTICAL PRESS PUBLICITY. By A. L. Culyer. In demy 8vo, cloth, 95 pp. **3s. 6d.** net.

SHOP FITTINGS AND DISPLAY. By A. E. Hammond. In demy 8vo, cloth, 142 pp. **5s.** net.

WINDOW DRESSING. By G. L. Timmins. In crown 8vo, cloth, 85 pp. **2s.** net.

COMMERCIAL PHOTOGRAPHY. By D. Charles. In demy 8vo, cloth gilt, 156 pp. **5s.** net.

HINTS AND TIPS FOR COMMERCIAL ARTISTS. By BERNARD J. PALMER. In crown 8vo, 112 pp. **5s.** net.

TRAINING IN COMMERCIAL ART. By V. L. DANVERS. In crown 4to. **21s.** net.

TICKET AND SHOW CARD DESIGNING. By F. A. PEARSON. In foolscap 4to, cloth. **3s. 6d.** net.

PLAIN AND ORNAMENTAL LETTERING. By E. G. FOOKS. Size, 9¼ in. by 6¾ in., 94 pp. **3s. 6d.** net.

DECORATIVE WRITING AND ARRANGEMENT OF LETTERING. By Prof. A. ERDMANN and A. A. BRAUN. Size 9½ in. by 6½ in., 134 pp. **10s. 6d.** net. Second Edition.

TYPES AND TYPE FACES. (From *Modern Advertising.*) By C. M. TREGURTHA. In crown 4to, quarter cloth, 48 pp. **2s. 6d.** net.

PRINTING. By H. A. MADDOX. In demy 8vo, cloth, 159 pp. **5s. net.**

JOURNALISM

JOURNALISM AS A CAREER. Edited by W. T. CRANFIELD. In demy 8vo, cloth, 108 pp. **5s.** net.

AUTHORSHIP AND JOURNALISM. By ALBERT E. BULL. In crown 8vo, cloth, 170 pp. **3s. 6d.** net.

POPULAR GUIDE TO JOURNALISM. By ALFRED KINGSTON. Fourth Edition. In crown 8vo, cloth, 124 pp. **2s. 6d.** net.

PRACTICAL JOURNALISM. By ALFRED BAKER. In crown 8vo, cloth, 180 pp. **3s. 6d.** net.

SHORT STORY WRITING AND FREE-LANCE JOURNALISM. By SYDNEY A. MOSELEY. Second Edition. In demy 8vo, cloth gilt, 241 pp. **7s. 6d.** net.

LAW

ELEMENTARY LAW. By E. A. COPE. In crown 8vo, cloth, 224 pp., with specimen legal forms. **4s.** net. Second Edition, Revised by A. H. COSWAY.

MERCANTILE LAW. By J. A. SLATER, B.A., LL.B. Sixth Edition. Revised by R. W. HOLLAND, O.B.E., M.A., M.Sc., LL.D., *of the Middle Temple, Barrister-at-Law.* In demy 8vo, cloth gilt, 474 pp. **7s. 6d.** net.

INTRODUCTION TO COMMERCIAL LAW. By NORMAN A. WEBB, B.Sc. In demy 8vo, cloth, 175 pp. **5s.**

COMPANIES AND COMPANY LAW. Together with the Companies Act, 1929. By A. C. CONNELL, I.L.B. (Lond.), *of the Middle Temple, Barrister-at-Law.* Fourth Edition, Revised by W. E. WILKINSON, LL.D. In demy 8vo, cloth gilt, 422 pp. **6s.** net.

MANUAL OF COMPANY LAW AND PRACTICE. By LESLIE MADDOCK, *of the Inner Temple and the Midland Circuit, Barrister-at-Law.* In demy 8vo, cloth gilt. (In the Press.)

COMPANY LAW. By D. F. DE L'HOSTE RANKING, M.A., LL.D., and E. E. SPICER, F.C.A. Fifth Edition. In demy 8vo, cloth gilt. **10s.** net.

THE LAW OF JOINT STOCK COMPANIES. By W. J. WESTON, M.A., B.Sc., *of Gray's Inn, Barrister-at-Law.* In demy 8vo, 308 pp. **7s. 6d.** net.

LAW OF CARRIAGE BY RAILWAY. By L. R. LIPSETT, M.A., LL.D., and T. J. D. ATKINSON, M.A. Size 6 in. by 9 in., cloth gilt, 966 pp. **50s.** net.

THE LAW RELATING TO SECRET COMMISSIONS AND BRIBES. By ALBERT CREW, *Barrister-at-Law, of Gray's Inn.* Second Edition, Revised and Enlarged. In demy 8vo, cloth gilt, 252 pp. **10s. 6d.** net.

RIGHTS AND DUTIES OF LIQUIDATORS, TRUSTEES, AND RECEIVERS. By D. F. DE L'HOSTE RANKING, M.A., LL.D., E. E. SPICER, F.C.A., and E. C. PEGLER, F.C.A. Size 9¼ in. by 7 in., cloth gilt, 398 pp. **15s.** net. Sixteenth Edition.

GUIDE TO BANKRUPTCY LAW AND WINDING UP OF COMPANIES. By F. PORTER FAUSSET, M.A., *Barrister-at-Law* Second Edition. In crown 8vo, cloth gilt, 216 pp. **5s.** net.

BANKRUPTCY, DEEDS OF ARRANGEMENT, AND BILLS OF SALE. By W. VALENTINE BALL, M.A., *Barrister-at-Law.* Fourth Edition. Revised in accordance with the Bankruptcy and the Deeds of Arrangement Acts, 1914. In demy 8vo, 394 pp. **12s. 6d.** net.

NOTES ON BANKRUPTCY LAW. By V. R. ANDERSON, A.C.A. In crown 8vo, cloth, 86 pp. **2s. 6d.** net.

PRINCIPLES OF MARINE LAW. By LAWRENCE DUCKWORTH, *Barrister-at-Law.* Fourth Edition, Revised by WM. MARSHALL FREEMAN, *Barrister-at-Law.* In demy 8vo, 400 pp **7s. 6d.** net.

LAW FOR JOURNALISTS. By CHARLES PILLEY, *Barrister-at-Law, of Gray's Inn and the Western Circuit.* In demy 8vo, cloth, 170 pp. **5s.** net.

RAILWAY ACT, 1921. By R. P. GRIFFITHS, F.C.I., F.B.E.A., Grad.Inst.T. In crown 8vo, 80 pp. **2s. 6d.** net.

PARTNERSHIP LAW. By D. F. DE L'HOSTE RANKING, M.A., LL.D., E. E. SPICER, F.C.A., and E. C. PEGLER, F.C.A. Fourth Edition. In medium 8vo, cloth, 152 pp. **7s. 6d.** net.

PARTNERSHIP LAW AND ACCOUNTS. By R. W. HOLLAND, O.B.E., M.A., M.Sc., LL.D., *Barrister-at-Law.* In demy 8vo, 174 pp. **6s.** net.

THE LAW OF CONTRACT. By the same Author. Revised and Enlarged Edition. In demy 8vo, cloth, 123 pp. **5s.** net.

TRUSTS. By C. KELLY and J. COLE-HAMILTON, *Chartered Accountants.* In demy 8vo, cloth gilt, 418 pp. **15s.** net.

EXECUTORSHIP LAW AND ACCOUNTS. By D. F. DE L'HOSTE RANKING, M.A., LL.D., E. E. SPICER, F.C.A., and E. C. PEGLER, F.C.A. Size 10 in. by 7½ in., cloth gilt, 370 pp. **15s.** net. Ninth Edition.

WILLS. A Complete Guide for Testators, Executors, and Trustees. With a Chapter on Intestacy. By R. W. HOLLAND, O.B.E., M.A., M.Sc., LL.D., *of the Middle Temple, Barrister-at-Law*. In foolscap 8vo, cloth, 122 pp. **2s. 6d.** net. Third Edition.

MUNICIPAL AND LOCAL GOVERNMENT LAW. By H. EMERSON SMITH, LL.B. (Lond.). Second Edition. In demy 8vo, cloth gilt, 272 pp. **10s. 6d.** net.

LAW FOR THE HOUSE OWNER. By A. H. COSWAY. Second Edition 128 pp. In crown 8vo, cloth. **2s. 6d.** net.

THE BUSINESS TENANT. By E. S. COX-SINCLAIR, *Barrister-at-Law*, and T. HYNES, *Barrister-at-Law*, LL.B. In crown 8vo, cloth. **7s. 6d.** net.

THE LAW RELATING TO BUILDING AND BUILDING CONTRACTS. By W. T. CRESWELL, Hon. A.R.I.B.A., F.R.San.Inst., *of Gray's Inn, Barrister-at-Law*. Second Edition. In demy 8vo, cloth, 372 pp. **12s. 6d.** net.

LEGAL TERMS, PHRASES, AND ABBREVIATIONS. By E. A. COPE. In crown 8vo, cloth gilt, 216 pp. **3s.** net. Third Edition, thoroughly Revised and Enlarged.

THE LAW OF REPAIRS AND DILAPIDATIONS. By T. CATO WORSFOLD, M.A., LL.D. In crown 8vo, cloth gilt, 104 pp. **3s. 6d.** net.

THE LAW OF EVIDENCE. By W. NEMBHARD HIBBERT, LL.D., *Barrister-at-Law*. Fifth Edition, Revised. In crown 8vo, 132 pp. **7s. 6d.** net.

THE LAW OF PROCEDURE. By the same Author. Third Edition. In demy 8vo, cloth gilt, 133 pp. **7s. 6d.** net.

THE LAW OF MASTER AND SERVANT. By FRANCIS RALEIGH BATT, LL.M., *of Gray's Inn, Barrister-at-Law, Professor of Commercial Law in the University of Liverpool*. In demy 8vo, cloth gilt, 410 pp. **10s. 6d.** net.

TRADE MARK LAW AND PRACTICE. By A. W. GRIFFITHS, B.Sc. (Eng.), Lond., *Barrister-at-Law*. In demy 8vo, cloth gilt, 268 pp. **10s. 6d.** net.

THE LAW RELATING TO ADVERTISING. By E. LING-MALLISON, B.Sc. (Lille), *of the Midland Circuit, the Central Criminal Court, North London Sessions, and the Middle Temple, Barrister-at-Law*. In crown 8vo, cloth gilt. (In the Press.)

THE LAW RELATING TO INDUSTRY. By H. SAMUELS, *Barrister-at-Law*. In demy 8vo, cloth gilt, about 200 pp. **10s. 6d.** net. (In the Press.)

BUSINESS REFERENCE BOOKS

BUSINESS MAN'S ENCYCLOPAEDIA AND DICTIONARY OF COMMERCE. A reliable and comprehensive work of reference on all commercial subjects. Fourth Edition. Edited by FRANK HEYWOOD, F.C.I.S. Assisted by upwards of 50 specialists as contributors. In 2 vols., large crown 4to, cloth gilt, 1926 pp. **£2 7s. 6d.** net.

BUSINESS BUILDING. A complete guide for the wholesaler, retailer, manufacturer, agent, etc. Edited by F. F. SHARLES, F.S.A.A. (Gold Medallist), F.C.I.S. In 2 vols., crown 4to, cloth gilt, 1167 pp. complete, **42s.** net. Second Edition.

BUSINESS MAN'S GUIDE. Edited by J. A. SLATER, B.A., LL.B. Eighth Revised Edition. With French, German, Spanish, and Italian equivalents for the Commercial Words and Terms. The work includes over 2,500 articles. In crown 8vo, cloth, 630 pp. **6s.** net.

BUSINESS TERMS, PHRASES, AND ABBREVIATIONS. In crown 8vo, cloth, 280 pp. **3s. 6d.** net. Fifth Edition. With equivalents in French, German, Spanish, and Italian; and facsimile documents.

MERCANTILE TERMS AND ABBREVIATIONS. Size 3 in. by 4¼ in., cloth, 126 pp. **1s. 6d.** net. Containing over 1,000 terms and 500 abbreviations with definitions.

BUSINESS FORECASTING AND ITS PRACTICAL APPLICATION. By W. WALLACE, M.Com. (Lond.). Second Edition. In demy 8vo, cloth gilt, 140 pp. **7s. 6d.** net.

BOOK-KEEPING AND OFFICE WORK. By R. J. PORTERS, F.C.R.A. In two volumes. Crown 4to, 728 pp. **30s.** net.

THE PROBLEM OF BUSINESS FORECASTING. By WARREN M. PERSONS, WILLIAM TRUFANT FOSTER, and ALBERT J. HETTINGER, Junr. In demy 8vo, cloth gilt, 330 pp. **16s.** net.

PRACTICAL BUSINESS FORECASTING. By D. F. JORDAN. Size 6 in. by 9 in., cloth, 270 pp. **16s.** net.

BUSINESS CHARTS. By T. G. ROSE, A.M.I.Mech.E. In demy 8vo, cloth gilt, 104 pp. **10s. 6d.** net.

THE ROMANCE OF WORLD TRADE. By A. P. DENNIS, Ph.D., LL.D. In demy 8vo, cloth, 493 pp. **15s.** net.

COMMERCIAL ARBITRATIONS. By E. J. PARRY, B.Sc., F.I.C., F.C.S. In crown 8vo, cloth gilt, 105 pp. **3s. 6d.** net.

COMMERCIAL CONTRACTS. By the same Author. A Guide for Business Men. In crown 8vo, cloth, 200 pp. **5s.** net.

FINANCIAL ORGANIZATION AND MANAGEMENT. By C. W. GERSTENBERG, *Professor of Finance at New York Unwersity.* Size 6 in. by 9 in., cloth gilt, 739 pp. **25s.** net.

MONEY MAKING IN STOCKS AND SHARES. By SYDNEY A. MOSELEY. In demy 8vo, cloth gilt, 252 pp. **7s. 6d.** net. Third Edition.

HOW THE STOCK MARKET REALLY WORKS. By W. COLLIN BROOKS. In demy 8vo, cloth gilt, 160 pp. **5s.** net.

THE SHAREHOLDER'S MANUAL. By H. H. BASSETT. In crown 8vo cloth gilt, 140 pp. **3s. 6d.** net.

THE SMALL INVESTOR'S GUIDE. By SYDNEY A. MOSELEY. In demy 8vo, cloth, 160 pp. **5s.** net.

TYPES OF BUSINESS ENTERPRISE. By M. C. CROSS, LL.B., Ph.D. In medium 8vo, cloth gilt, 348 pp. **21s.** net.

HOW TO USE A BANKING ACCOUNT. By C. BIDWELL. In crown 8vo, cloth, 116 pp. **3s. 6d.** net.

DUPLICATING AND COPYING PROCESSES. By W. DESBOROUGH, O.B.E. In demy 8vo, cloth gilt, 146 pp. **5s.** net.

BUSINESS CYCLES. The Problem and its Setting. By W. C. MITCHELL. Size 6 in. by 9 in., cloth gilt, 511 pp. **30s.** net.

STATISTICAL METHODS. By F. C. MILLS, *Associate Professor of Business Statistics, Columbia University.* In demy 8vo, cloth gilt, 620 pp. **15s.** net.

STATISTICS. By WILLIAM VERNON LOVITT, Ph.D., *Professor of Mathematics, Colorado College;* and HENRY F. HOLTZCLAW, Ph D., *Professor of Commerce, University of Kansas.* In medium 8vo, cloth gilt, 304 pp. **15s.** net.

BUSINESS STATISTICS, THEIR PREPARATION, COMPILATION, AND PRESENTATION. By R. W. HOLLAND, O.B.E., M.A., M.Sc., LL.D. Second Edition. In crown 8vo, cloth, 108 pp. **3s. 6d.** net.

STATISTICS AND THEIR APPLICATION TO COMMERCE. By A. L. BODDINGTON, *Fellow of the Royal Statistical and Economic Societies.* Fourth Edition. In medium 8vo, cloth gilt, 340 pp. **12s. 6d.** net.

A MANUAL OF CHARTING. Size 6 in. by 9 in , cloth gilt, 116 pp. **6s.** net.

PITMAN'S BOOK OF SYNONYMS AND ANTONYMS. In crown 8vo, cloth, 140 pp. **2s. 6d.** net.

PITMAN'S OFFICE DESK BOOK. In crown 8vo, 320 pp., cloth. **2s. 6d.** net.

MODERN DEBATE PRACTICE. By WALDO O. WILLHOFT. In crown 8vo, cloth, 339 pp. **5s.** net.

REPORT WRITING. By CARL G. GAUM, M.E , and HAROLD F. GRAVES, M.A. In medium 8vo, cloth gilt, 322 pp. **12s. 6d.** net.

THE ESSENTIALS OF PUBLIC SPEAKING. By W. C. DUBOIS, A.M., LL.B. In large crown 8vo, cloth, 276 pp. **8s. 6d.** net.

SPEAKING IN PUBLIC. By ARLEIGH B. WILLIAMSON, M.A., *Associate Professor of Public Speaking, Washington Square College, New York University.* In medium 8vo, cloth gilt, 430 pp. **15s.** net.

HOW TO SPEAK IN PUBLIC. By C. F. CARR and F. E. STEVENS. Second Edition. In crown 8vo, cloth, 128 pp. **3s. 6d.** net.

OFFICE MACHINES, APPLIANCES, AND METHODS. By W. DESBOROUGH. O.B.E. In demy 8vo, cloth gilt, 157 pp. **6s.** net.

DICTIONARY OF THE WORLD'S COMMERCIAL PRODUCTS. By J. H. VANSTONE, F.R.G.S. With French, German, and Spanish equivalents for the names of the products. In demy 8vo, cloth, 170 pp. **5s.** net. Third Edition.

RAW MATERIALS OF COMMERCE. Edited by J. H. VANSTONE, F.R.G.S. In two volumes, demy 4to, cloth gilt, 793 pp. Complete, **40s.** net.

COMMERCIAL COMMODITIES. By F. W. MATTHEWS, B.Sc., A.I.C., F.C.S. In demy 8vo, cloth gilt, 326 pp. **12s. 6d.** net.

THE COTTON WORLD. Compiled and Edited by J. A. TODD, M.A., B.L. In crown 8vo, cloth, 246 pp. **5s.** net.

FRUIT AND THE FRUIT TRADE. By FORD FAIRFORD. In demy 8vo, cloth, 162 pp. **6s.** net.

TEA AND TEA DEALING. By F. W. S. STAVEACRE. In demy 8vo, cloth gilt, 150 pp. **7s. 6d.** net.

THE COCOA AND CHOCOLATE INDUSTRY. By A. W. KNAPP, M.Sc., F.I.C. In demy 8vo, cloth gilt, 200 pp. **7s. 6d.** net. Second Edition.

THE FURNITURE STYLES. By H. E. BINSTEAD. Size 9½ in. by 6½ in cloth, 208 pp., illustrated. **10s. 6d.** net. Second Edition.

BUYING AND SELLING A BUSINESS. By A. H. COSWAY. In crown 8vo, cloth, 110 pp **3s. 6d.** net.

HOW TO COLLECT ACCOUNTS BY LETTER. By C. HANNEFORD-SMITH, F.C.W.A. In crown 8vo, cloth gilt, 94 pp. **3s. 6d.** net.

HOW TO GRANT CREDIT. By CUTHBERT GREIG, *Secretary, London Association for Protection of Trade, Ltd.* In crown 8vo, cloth, 102 pp. **3s. 6d.** net.

HOW TO APPEAL AGAINST YOUR RATES. By A. STANLEY EAMER, F.S.I., *Rating Surveyor to the Metropolitan Borough of Lambeth.* In two volumes, in crown 8vo, cloth. Vol. I (without the Metropolis), **5s.** net. Vol. II (within the Metropolis), **3s. 6d.** net.

A HANDBOOK ON WILLS. By A. H. COSWAY. In crown 8vo, cloth, 123 pp. **2s. 6d.** net.

TRADERS' RAIL CHARGES UP TO DATE. By J. W. PARKER, A.M.Inst.T. In crown 8vo, cloth, 135 pp. **3s. 6d.** net.

GUIDE TO COUNTY COURT PROCEDURE. Being the Second Edition of *The Traders' Guide to County Court Procedure.* By F. H. B. CHAPMAN. Revised by B. S. HILLS. In crown 8vo, cloth. **2s. 6d.** net.

COMMERCIAL ATLAS OF THE WORLD. In crown 4to, cloth, 140 pp. **5s.** net.

STATISTICAL ATLAS OF THE WORLD. By J. STEPHENSON, M.A., M.Com., D.Sc. In foolscap folio, cloth, 146 pp. **7s. 6d.** net.

THE CABLE AND WIRELESS COMMUNICATIONS OF THE WORLD. By. F. J. BROWN, C.B., C.B.E., M.A., B.Sc. (Lond.). In demy 8vo, cloth gilt, 150 pp. **7s. 6d.** net.

THE FUTURE OF EMPIRE TRADE. By J. E. RAY. With a Foreword by The Rt. Hon. L. S. AMERY. In crown 8vo, paper, 128 pp. **2s.** net.

FOREIGN LANGUAGE DICTIONARIES

DICTIONARY OF COMMERCIAL CORRESPONDENCE IN SEVEN LANGUAGES: ENGLISH, FRENCH, GERMAN, SPANISH, ITALIAN, PORTUGUESE: AND RUSSIAN. In demy 8vo, cloth, 718 pp. **12s. 6d.** net. Third Edition.

ENGLISH-FRENCH AND FRENCH-ENGLISH DICTIONARY OF BUSINESS WORDS AND TERMS. Size 2 in. by 6 in., cloth, rounded corners, 540 pp. **5s.** net.

FRENCH-ENGLISH AND ENGLISH-FRENCH COMMERCIAL DICTIONARY of the Words and Terms used in Commercial Correspondence. By F. W. SMITH. Second Edition. In crown 8vo, cloth, 576 pp. **7s. 6d.** net.

GERMAN-ENGLISH AND ENGLISH-GERMAN COMMERCIAL DICTIONARY. By J. BITHELL, M.A. In crown 8vo, cloth gilt. Second Edition, 992 pp. **16s.** net.

A NEW GERMAN-ENGLISH DICTIONARY FOR GENERAL USE. By F. C. HEBERT and L. HIRSCH. In crown 8vo, cloth gilt, 1769 pp. **15s.** net.

ENGLISH-GERMAN AND GERMAN-ENGLISH DICTIONARY OF BUSINESS WORDS AND TERMS. Size 2 in. by 6 in., rounded corners, 440 pp., cloth. **5s.** net.

SPANISH-ENGLISH AND ENGLISH-SPANISH COMMERCIAL DICTIONARY of the Words and Terms used in Commercial Correspondence. By G. R. MACDONALD. In crown 8vo, cloth gilt. Third Edition, 833 pp. **12s. 6d.** net.

ITALIAN-ENGLISH AND ENGLISH-ITALIAN COMMERCIAL DICTIONARY. By G. R. MACDONALD. In crown 8vo, cloth gilt, 1166 pp. **30s.** net.

BARETTI'S ITALIAN AND ENGLISH DICTIONARY. Compiled by GUGLIELMO COMELATI and J. DAVENPORT. In two volumes, cloth gilt, Vol. I, 796 pp.; Vol. II, 752 pp. **25s.** net. (Reprinted.)

PORTUGUESE-ENGLISH AND ENGLISH-PORTUGUESE COMMERCIAL DICTIONARY. By F. W. SMITH. In crown 8vo, cloth gilt, 486 pp. **16s.** net.

A NEW DICTIONARY OF THE PORTUGUESE AND ENGLISH LANGUAGES. Based on a manuscript of Julius Cornet. By H. MICHAELIS. In two volumes, demy 8vo, cloth gilt. Vol. I, Portuguese-English, 736 pp.; Vol. II, English-Portuguese, 742 pp. Each **21s.** net. Abridged Edition, 783 pp. **25s.** net.

TECHNICAL DICTIONARY OF ENGINEERING AND INDUSTRIAL SCIENCE IN SEVEN LANGUAGES—ENGLISH, FRENCH, SPANISH, ITALIAN, PORTUGUESE, RUSSIAN, AND GERMAN. Compiled by ERNEST SLATER, M.I.E.E., M.I.Mech.E., in collaboration with leading Authorities. In four volumes. Each in crown 4to, buckram gilt, **28 8s.** net complete.

PITMAN'S
BUSINESS LIBRARY

THIS series of Handy volumes consists of the most important sections which originally appeared in *Business Building*. These have been thoroughly revised and brought up to date. They provide a really interesting and practical treatment of the business man's peculiar problems and difficulties, showing how they may be mastered, avoiding mere theorizing but plainly setting forth directions for the practice of the most modern methods. The authors are leading men in the particular sphere of business activity about which they write.

1. **THE RETAIL SHOP—Its Organization, Management, and Routine.**
   By C. L. T. BEECHING, O.B.E., F.G.I.

2. **SELLING BY POST—Practical Suggestions for Mail-order Traders.**
   By HAROLD W. ELEY, *Author of "Advertising and the Shopkeeper."*

3. **BUSINESS ORGANIZATION AND ROUTINE.**
   By W. CAMPBELL, *Chartered Secretary.*

4. **BUSINESS ACCOUNTS AND FINANCE.**
   By W. CAMPBELL, *Chartered Secretary.*

5. **LETTER WRITING—A Guide to Business Correspondence.**
   By G. K. BUCKNALL, A.C.I.S. (Hons.).

6. **COMPANY SECRETARIAL ROUTINE.**
   By C. C. WALFORD, A.S.A.A., A.C.I.S.

7. **HIRE PURCHASE.**
   By HAROLD W. ELEY. With a Section on **Hire-purchase Accounts** by S. HOWARD WITHEY.

Each foolscap 8vo, leatherette, 64 pp. 1s. net.

Other volumes in preparation.

COMMON COMMODITIES AND INDUSTRIES SERIES

In each of the handbooks in this series a particular product or industry is treated by an expert writer and practical man of business. Beginning with the life history of the plant, or other natural product, he follows its development until it becomes a commercial commodity, and so on through the various phases of its sale in the market and its purchase by the consumer. Industries are treated in a similar manner.

Each book in crown 8vo, illustrated. 3s. net.

Acids and Alkalis
Alcohol in Commerce
Aluminium
Anthracite
Asbestos
Bookbinding Craft and Industry, The
Books from the MS. to the Bookseller
Boot and Shoe Industry
Bread Making
Brush Making
Butter and Cheese
Button Industry, The
Carpets
Clays
Clocks and Watches
Cloth and the Cloth Trade
Clothing Trades Industry
Coal
Coal Tar
Coffee
Cold Storage and Ice Making
Concrete and Reinforced Concrete
Copper
Cordage and Cordage Hemp and Fibres
Corn Trade, The British
Cotton
Cotton Spinning
Drugs in Commerce
Dyes
Electric Lamp Industry
Electricity
Engraving
Explosives, Modern
Fertilizers
Film Industry, The
Fishing Industry, The
Furniture
Furs
Gas and Gas Making
Glass
Gloves and the Glove Trade
Gold
Gums and Resins
Incandescent Lighting
Ink
Iron and Steel
Ironfounding
Jute
Knitted Fabrics
Lead
Leather
Linen
Locks and Lockmaking
Match Industry
Meat
Motor Industry, The
Nickel
Oil Power
Oils
Paints and Varnishes
Paper
Patent Fuels
Perfumery
Photography
Platinum Metals
Player Piano, The
Pottery
Rice
Rubber
Salt
Shipbuilding
Silk
Silver
Soap
Sponges
Starch
Stones and Quarries
Straw Hats
Sugar
Sulphur
Talking Machines
Tea
Telegraphy, Telephony, and Wireless
Textile Bleaching
Timber
Tin and the Tin Industry
Tobacco
Velvet and Corduroy
Wall-paper
Weaving
Wheat
Wine and the Wine Trade
Wool
Worsted
Zinc

PRINTED IN GREAT BRITAIN AT THE PITMAN PRESS, BATH
(126w)